University of Missouri
KBIA-FM Radio

Financial Statements as of and for the Years Ended June 30, 2016 and 2015, Supplemental Schedule for the Year Ended June 30, 2016, and Independent Auditors' Report

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2016 and 2015

This Management's Discussion and Analysis ("MD&A") of KBIA-FM Radio (the "Station") provides an overview of the Station's financial performance for the fiscal years ended June 30, 2016 and 2015. Please read it in conjunction with the basic financial statements for the period and the annual report to the Corporation for Public Broadcasting ("CPB") that accompanies the basic financial statements.

OVERVIEW OF THE OPERATIONS

The Station is a department of the Columbia campus of the University of Missouri (the "University") and operates under a FCC license issued to the Curators of the University of Missouri. The University provides on-going, line item funding as well as indirect institutional support (e.g., studio and office space, custodial, and human resource support). The University's indirect institutional support to the Station is significant to the Station's financial activities and is fully described in the annual report to CPB.

The University is classified by the IRS as an instrumentality of the State of Missouri and is chartered under Missouri state law. The Station's financial activities are managed under policies and procedures of the University and are subject to internal audit and control by the University. The University and the Station both receive annual external audits. For the Station, the external audit is a condition of annual grant funding from CPB. CPB is a private, non-profit corporation created by Congress in 1967. CPB is not a governing agency. It promotes public telecommunications services (television, radio and on-line) for the American people.

KBIA ACCOUNTING AND FINANCIAL REPORTING

This report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The financial statements of the Station are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The notes to the financial statements provide required disclosures and other information that are essential to fully understand the material data provided in the statements. The notes present information about the Station's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The Station's annual basic financial statements are posted on KBIA's website at KBIA.org.

STATEMENTS OF NET POSITION

The Statements of Net Position present the financial position of the Station as of June 30, 2016 and 2015, including all assets, deferred outflow of resources, liabilities and deferred inflow of resources of the Station. The Net Position presents the current financial condition of the Station. Assets and liabilities are generally measured using current values with certain exceptions, such as capital assets, which are stated at cost less accumulated depreciation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2016 and 2015

A summary of the Station's assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position at June 30, 2016 and 2015, is as follows:

	Fiscal Year 2016	Fiscal Year 2015
Assets		
Current Assets	$ 329,044	$ 252,850
Long-Term Investments	557,003	841,902
Capital Assets, Depreciable, Net	110,969	153,684
Total Assets	997,016	1,248,436
Deferred Outflow of Resources	153,583	71,270
Total Assets and Deferred Outflow of Resources	$ 1,150,599	$ 1,319,706
Liabilities and Net Position		
Current Liabilities	$ 259,313	$ 263,996
Non-current Liabilities	408,795	308,174
Total Liabilities	668,108	572,170
Net Position		
Invested in Capital Assets	110,969	153,684
Restricted – Nonexpendable	46,815	49,412
Unrestricted -		
Other	(205,943)	(76,461)
Board Designated	530,650	620,901
Total Net Position	482,491	747,536
Total Liabilities and Net Position	**$ 1,150,599**	**$ 1,319,706**

Fiscal Year 2016 Compared to Fiscal Year 2015

Total assets decreased by $251,420 to $997,016, which primarily is due to a decrease in total cash and cash equivalents as well as investments.

Capital assets, depreciable for the year ended June 30, 2016, decreased by $42,715 from $153,684 to $110,969. The decrease is due to current year depreciation expense and the retirement of two assets.

Total liabilities increased $95,938 over the prior year due primarily to an increase in the pension liability and accrued vacation which were significantly offset by a decrease in unexpended grants.

Net position decreased by $265,045 reflecting the station's operating results for the year. Unrestricted net assets is in a deficit position due to the implemented Government Accounting Standards Board (GASB) No. 67, Financials Reporting for Pension Plans and GASB No. 68, Accounting and Financial Reporting for Pensions. The obligation of the pension will be paid by the University and any payments are included in the support of the Station.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2016 and 2015

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the Station's results of operations. The Statements distinguish between operating and non-operating revenues and expenses, and provide the Station's operating margin and changes in net position is as follows:

	Fiscal Year 2016	Fiscal Year 2015
Operating Revenues:		
Membership Contributions and Contributed Support	$ 551,362	$ 569,614
Community Service Grants from CPB	153,781	196,742
Underwriting Income	290,327	238,226
Other Grants	111,346	99,942
Other	7,943	8,697
Total Operating Revenues	1,114,759	1,113,221
Operating Expenses:		
Program Services –		
Broadcasting	99,881	130,564
Promotions	990	-
Programming and Production	783,106	834,937
Total Program Services	883,977	965,501
Support Services –		
Management and General	507,997	452,118
Depreciation Expense	40,778	42,600
Underwriting and Grant Solicitation	221,200	150,167
Fund Raising and Membership Development	155,543	147,269
Total Support Services	925,518	792,154
Total Operating Expenses	1,809,495	1,757,655
Operating Loss Before Non-operating Revenues	(694,736)	(644,434)
Non-operating Revenues:		
Support from the University of Missouri	271,411	298,991
Donated Facilities and Administrative Support from the University of Missouri	185,496	159,569
Net Pension	(16,628)	20,093
Investment Income (Loss)	(10,588)	10,633
Other	-	29,500
Total Non-operating Revenues	429,691	518,786
Decrease in Net Position	(265,045)	(125,648)
Net Position, Beginning of Year	747,536	873,184
Net Position, End of Year	**$ 482,491**	**$ 747,536**

Fiscal Year 2016 Compared to Fiscal Year 2015

Total **Operating Revenues** for fiscal year 2016 increased $1,538 from fiscal year 2015. The Station's operating revenues are derived from three primary sources: 1) membership contributions; 2) program support from area businesses in exchange for on-air recognition; and 3) operating grants from CPB and other granting agencies. **Membership contributions** for fiscal year 2016 decreased $18,252 or 3%. **Underwriting Income** for fiscal year 2016 increased 22% or $52,101 from fiscal year 2015. During fiscal year 2016, **Community Service Grants from Corporation for Public Broadcasting** decreased $42,961 from fiscal year 2015.

Total **Non-operating Revenues** for fiscal year 2016 decreased by $89,095 from fiscal year 2015. Certain significant revenue streams that the Station relies upon for its operations are defined as non-exchange transactions by GASB Statement No. 35, and recorded as non-operating revenues. These include investment income, and donated facilities and administrative support from the University. **Support from the University of Missouri** decreased 9% in fiscal year 2016 to $271,411 from $298,991 in fiscal year 2015. **Donated facilities and administrative support from the University of Missouri** increased $25,927 or 16% in fiscal year 2016 from fiscal year 2015. In fiscal year 2016, **Investment Income** decreased $21,221 from fiscal year 2015 due primarily to net realized and unrealized gains in the University's pooled investments.

Total **Operating Expenses** increased $51,840 to $1,809,495 in fiscal year 2016 compared to $1,757,655 in the previous year due primarily to increases in underwriting and grant solicitation and management and general expenses which were partially offset by decreases in programming and production. **Program services** represented 49% and 55% of total operating expenses for fiscal years 2016 and 2015, respectively. **Support services** represented 51% and 45% of total operating expenses for fiscal years 2016 and 2015, respectively.

ECONOMIC OUTLOOK

The economic outlook for the Station is dependent on various influences of the Station's funding sources.

- Corporation for Public Broadcasting: The CPB has requested a $445 million advance appropriation for fiscal year 2018, which is substantially the same amount that was provided by Congress for FY2014, FY2015, FY2016, and FY2017. As a result, KBIA expects the Community Service Grant from CPB to remain flat, which is actually a decline in funding when inflation is considered. KBIA appreciates the funding provided by CPB, because it is a significant percentage of revenues. At the same time, KBIA recognizes the economic and political environment in which the CPB seeks funding, and the possibility of decreases in CPB funding beyond 2017.

- Support from University of Missouri: The Station does not have reason to believe that an adverse change in funding will occur in fiscal year 2017 for annual appropriation. Indirect funding remains dependent on Institutional Support expenditures.

- Investment income: The Station's investments are directed by the University. Investment income is dependent on market viability, and current market conditions are turbulent.

INDEPENDENT AUDITORS' REPORT

To the Board of Curators
University of Missouri

We have audited the accompanying financial statements of the *University of Missouri KBIA-FM Radio* (the "Station"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 the Station, as of June 30, 2016 and 2015, and the 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Station and do not purport to, and do not present fairly the financial position of the University of Missouri, as of June 30, 2016 and 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and yearly comparison information on pages 1-4 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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Station's basic financial statements. The Supplemental Schedule of Non-Federal Financial Support for the year ended June 30, 2016, required by the Public Telecommunication Financing Act of 1978, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Schedule of Non-Federal Financial Support is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mueller Prost LC

January 12, 2017
St. Louis, Missouri

Certified Public Accountants

University of Missouri

KBIA-FM RADIO

STATEMENTS OF NET POSITION
As of June 30, 2016 and 2015

	2016	2015
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	$ 8,708	$ 47,782
Short-Term Investments	-	12,854
Accounts Receivable, Net	58,316	49,754
Pledges Receivable, Net	99,522	99,634
Due from KWWC	120,775	-
Prepaid Expense	41,723	42,826
Total Current Assets	**329,044**	**252,850**
Noncurrent Assets:		
Long-Term Investments	557,003	841,902
Capital Assets, Depreciable, Net	110,969	153,684
Total Noncurrent Assets	**667,972**	**995,586**
Deferred Outflow of Resources	**153,583**	**71,270**
Total Assets and Deferred Outflow of Resources	**$ 1,150,599**	**$ 1,319,706**
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	$ 89,472	$ 23,103
Accrued Vacation	60,226	44,239
Unexpended Grants	90,712	196,217
Unearned Revenue	18,903	437
Total Current Liabilities	**259,313**	**263,996**
Noncurrent Liabilities:		
Accrued Vacation	20,821	19,141
Pension Liability	387,974	289,033
Total Noncurrent Liabilities	**408,795**	**308,174**
Deferred Inflow of Resources	**-**	**-**
Total Liabilities and Deferred Inflow of Resources	**668,108**	**572,170**
Net Position:		
Invested in Capital Assets	110,969	153,684
Restricted - Nonexpendable	46,815	49,412
Unrestricted		
Other	(205,943)	(76,461)
Board Designated	530,650	620,901
Total Net Position	**482,491**	**747,536**
Total Liabilities, Deferred Inflow of Resources and Net Position	**$ 1,150,599**	**$ 1,319,706**

The notes to basic financial statements are an integral part of these statements.

University of Missouri
KBIA-FM RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenues:		
Membership Contributions and Contributed Support	$ 551,362	$ 569,614
Community Service Grants from Corporation for Public Broadcasting	153,781	196,742
Underwriting Income	290,327	238,226
Other Grants	111,346	99,942
Other	7,943	8,697
Total Operating Revenues	**1,114,759**	**1,113,221**
Operating Expenses:		
Program Services -		
Broadcasting	99,881	130,564
Promotions	990	-
Programming and Production	783,106	834,937
Total Program Services	**883,977**	**965,501**
Supporting Services -		
Management and General	507,997	452,118
Depreciation Expense	40,778	42,600
Underwriting and Grant Solicitation	221,200	150,167
Fundraising and Membership Development	155,543	147,269
Total Supporting Services	**925,518**	**792,154**
Total Operating Expenses	**1,809,495**	**1,757,655**
Operating Loss Before Non-operating Revenues	**(694,736)**	**(644,434)**
Nonoperating Revenues:		
Support from the University of Missouri	271,411	298,991
Donated Facilities and Administrative Support from the University of Missouri	185,496	159,569
Net pension	(16,628)	20,093
Investment Income	(10,588)	10,633
Other	-	29,500
Total Non-operating Revenues	**429,691**	**518,786**
Decrease in Net Position	**(265,045)**	**(125,648)**
Net Position, Beginning of Year	**747,536**	**873,184**
Net Position, End of Year	**$ 482,491**	**$ 747,536**

The notes to basic financial statements are an integral part of these statements.

University of Missouri

KBIA-FM RADIO

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Membership Contributions and Contributed Support	$ 551,474	$ 567,957
Corporation for Public Broadcasting and Other Grants	167,565	317,880
Underwriting Income	300,231	208,389
Payments to Suppliers and Employees	(1,618,857)	(1,592,023)
Net Cash Used in Operating Activities	**(599,587)**	**(497,797)**
Cash Flows from Non-Capital Financing Activities:		
Payments and Contributions from University of Missouri	271,411	298,993
Net Cash Provided by Non-Capital Financing Activities	**271,411**	**298,993**
Cash Flows from Investing Activities:		
Purchase of Investments, Net	299,690	(4,650)
Investment Income (Loss)	(10,588)	10,633
Net Cash Provided by Investing Activities	**289,102**	**5,983**
Net Decrease in Cash and Cash Equivalents	**(39,074)**	**(192,821)**
Cash and Cash Equivalents, Beginning of Year	**47,782**	**240,603**
Cash and Cash Equivalents, End of Year	**$ 8,708**	**$ 47,782**
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	$ (694,736)	$ (644,434)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities -		
Depreciation Expense	40,778	42,600
Donated Facilities and Administrative Support	185,496	159,569
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(8,562)	(29,974)
Pledges Receivable	112	(1,657)
Payments to KWWC	(120,775)	-
Prepaid Expense	1,103	(33,984)
Accounts Payable and Other Accrued Expenses	66,369	(6,364)
Accrued Vacation	17,667	3,811
Unexpended Grants and Unearned Revenue	(87,039)	12,636
Net Cash Used in Operating Activities	**$ (599,587)**	**$ (497,797)**
Non-cash Activity:		
Change in Pension Liability Expected to be Received from the University of Missouri	$ (16,628)	$ 20,093
Administrative Support from the University of Missouri	185,496	159,569

The notes to basic financial statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major policies followed by KBIA-FM Radio (the "Station") are presented below to assist the reader and to enhance the usefulness of the financial statements.

Organization – The Station is a non-profit, non-commercial radio station operated by the University of Missouri (the "University") on its Columbia campus in Columbia, Missouri. The Station operates with a power of 100,000 watts, reaching a potential audience in a 75-mile radius. The financial activity of the Station is included in the financial statements of the University. The accompanying basic financial statements were prepared based on the combination of various accounts associated with the Station and its related operations and do not present the financial position or changes in financial position or cash flows of the University. The Station is dependent upon support from the Corporation for Public Broadcasting, the University, and the public.

Financial Statement Presentation – In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements, which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. In addition, the Station applies all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with a GASB pronouncement.

The Station has adopted GASB Statement No. 35, *Basic Financial Statement–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities. The basic financial statement presentation provides a comprehensive entity-wide perspective of the Station's net position, revenues, expenses and changes in net position and cash flows replacing the fund-group perspective previously required.

Basis of Accounting – The Station's basic financial statements have been prepared using the economic resource focus and the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by funds received from external parties for goods or services.

The Station's policy for defining operating activities as reported on the Statements of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Membership Contributions and Contributed Support are deemed program revenue and therefore operating revenue as prescribed by the Corporation for Public Broadcasting. Certain significant revenue streams relied upon for operations are recorded as non-operating revenue as defined by GASB Statement No. 34. Non-operating revenues include revenue from activities that have the characteristics of non-exchange transactions, such as support from the University, permanent endowment contributions, and investment income.

Cash and Cash Equivalents – The Station participated in the University's pooled cash accounts for fiscal years 2016 and 2015 and pooled investment accounts for fiscal years 2016 and 2015. For fiscal years 2016 and 2015 cash and cash equivalents are held as cash by the University on behalf of the Station. For purposes of the basic financial statements for fiscal year 2016 and 2015, cash and cash equivalents consist of the University's bank deposits, repurchase agreements, money market funds, and other investments with original maturities of three months or less.

Accounts Receivable – Accounts receivable are presented at the net amount. Accounts receivable consists of amounts due to the Station for underwriting contracts and other miscellaneous revenue sources. There was no allowance for doubtful accounts set up for either of the years ended June 30, 2016 and 2015 based upon management's expectations regarding the collectability of the accounts and the Station's historical collection experience.

Pledges Receivable – The Station receives unconditional promises to give (pledges) through private donations from corporations, alumni, and various other supporters of the Station. These pledges have been recorded as pledges receivable on the Statements of Net Position and as a portion of Membership Contributions and Contributed Support on the Statements of Revenues, Expenses and Changes in Net Position, at the present value of the estimated future cash flows. No allowance for doubtful accounts has been provided for either of the years ended June 30, 2016 and 2015 as management has determined no write offs are expected for pledges receivable.

Due from KWWC – Represents funds advanced to KWWC-FM Radio ("KWWC"), a non-profit, non-commercial radio station operated by the University in Columbia, Missouri.

Capital Assets – These assets are carried, if purchased, at cost, or if donated, at fair value at date of gift. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets – generally seven to fifteen years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Deferred Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Position as of June 30, 2016 and 2015, represent cash the Station has received under contracts that have services to be performed by the Station in future years. Grant revenues are recognized as eligibility requirements are met.

Pensions - Pension related items, including: net pension liability, deferred outflow of resources, deferred inflow of resources, net pension expense, fiduciary net assets, additions to and deductions from fiduciary net assets have been determined on the same basis as they are reported by the University of Missouri. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The obligation of the pension will be paid by the University and any payments are included in the support of the Station. Likewise, net pension expense and income is reported as non-operating items.

Net Position – The Station's net position is classified for financial reporting in the following net position categories:

- **Invested in Capital Assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.

- **Unrestricted:** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specified purposes by action of the Board of Curators (the "Board") or may otherwise be limited by contractual agreements with outside parties.

- **Restricted Nonexpendable – Endowment:** Station's net position in the University's permanent endowment funds are subject to externally imposed stipulations that the principal be maintained in perpetuity.

Underwriting Income – Underwriting income consists of advertising spots purchased by sponsors and are recognized when the spots are aired by the Station.

In-Kind Contributions – In-kind contributions are recorded as revenue and expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. In-kind contributions consist of donated property and professional services. These donations are recorded at fair value at the time of the gift.

Donated Facilities and Administrative Support – Donated facilities from the University consist of office and studio space. The cost of these facilities, together with the related occupancy cost, is recorded in revenues and expenses at depreciable value in accordance with valuation guidelines established by the Corporation for Public Broadcasting. Indirect administrative support from the University is included in revenues under donated facilities and administrative support. Support from the University consists of allocated general and administrative expenses incurred by the institution on behalf of the Station.

Use of Estimates –The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 those estimates.

New Accounting Pronouncements – Effective for fiscal year 2016, the Station adopted GASB Statement No. 72, Fair Value Measurement and Application, which intends to improve financial reporting by requiring governments to measure certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement also enhances related fair value disclosures in order to provide information on the impact of fair value measurements on a government's financial position. Adoption of GASB Statement No. 72 resulted in additional note disclosures in Note 4 to display investments by the category of measurement hierarchy.

Effective for fiscal year 2016, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, which intends to improve financial reporting by establishing as single framework for the presentation of information about pensions. Adoption of GASB Statement No. 73 had no effect on the Station's financial statements.

Effective for fiscal year 2016, the Station adopted GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which intends to improve financial reporting by reducing the variation in which governments apply financial reporting guidance. Adoption of GASB Statement No. 76 had no effect on the Station's financial statements.

Effective for fiscal year 2016, the Station adopted GASB Statement No. 79, Certain External Investment Pools and Pool Participants, which intends to enhance comparability of financial statements by establishing specific criteria to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Adoption of GASB Statement No. 79 had no effect on the Station's financial statements.

In June 2015, GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which intends to improve financial reporting by state and local governmental postemployment benefit plans other than pension plans. Also, in June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which intends to improve financial reporting by requiring recognition of the entire Other Postemployment Benefits (OPEB) liability and a more comprehensive measure of OPEB expense. The adoption of Statements No. 74 and 75 will require the Station to record a Net Postemployment Benefits Liability on its Statement of Net Position. The Station has determined adoption will have a significant impact on its financial statements and will reduce unrestricted net position when implemented during the year ending June 30, 2018.

In August 2015, GASB issued GASB Statement No. 77, Tax Abatement Disclosures, which intends to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Station has determined adoption of this statement will have no effect on its financial statements.

In December 2015, GASB issued GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, which amends the scope of Statement No. 68, Accounting and Financial Reporting for Pensions. The scope was amended to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that is not a state or local government pension plan. The Station has determined adoption of this statement will have no effect on its financial statements.

In January 2016, GASB issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which intends to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Station has not yet determined the effect that implementing GASB Statement No. 80 will have on its financial statements.

In March 2016, GASB issued GASB Statement No. 81, Irrevocable Split-Interest Agreements, which intends to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for beneficiaries of these type of agreements. The Station has not yet determined the effect that implementing GASB Statement No. 81 will have on its financial statements.

In March 2016, GASB issued GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, which addresses certain issues with regard to current GASB standards on pensions. The Station has not yet determined the effect that implementing GASB Statement No. 82 will have on its financial statements.

Effective for fiscal year 2015, the Station adopted GASB Statement No. 69, Government Combinations and Disposals of Government Operations, which intends to improve financial reporting by establishing standards for reporting government combinations and disposals of government operations. Adoption of GASB Statement No. 69 had no effect on the Station's financial statements.

2. CASH AND CASH EQUIVALENTS RISK

<u>Custodial Credit Risk – Deposits</u> – The custodial credit risk for deposits is the risk that in the event of bank failure, the University's deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University's cash deposits were fully insured or collateralized at June 30, 2016 and 2015, respectively.

3. INVESTMENTS

<u>Investments</u> – The Station participates in the University's pooled investment accounts, which are stated at fair value, and holds an equity investment in the pool. The investment policies of the University are established by the Board of Curators. The policies are established to ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statues of Missouri and prudent investment. The University's investment securities are held in book-entry form in brokerage, custody, and safe keeping accounts in the University's name. The general investment pools, managed by the University, averaged a total return of (.2%) and 1.9%, including unrealized gains and losses, for the years ended June 30, 2016 and 2015, respectively. At various times throughout the year the Station may overdraw their portion of the pool on certain investment. At June 30, 2016, the Station was overdrawn on debt securities totaling $75,647, which is classified within accounts payable and other accrued expenses on the statement of net position.

At June 30, 2016 and 2015, the Station held the following types of investments:

	Carrying Value As of June 30, 2016	Carrying Value as of June 30, 2015
Debt Securities	$ -	$ 170,085
Corporate Stocks	331,695	463,968
Real Estate	69,646	46,510
Absolute Return	101,614	114,057
Money Market Funds	-	20,834
Risk Parity	54,048	60,136
Other Cash Equivalents	8,708	26,948
Total Investments and Cash and Cash Equivalents	**$ 565,711**	**$ 902,538**

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Debt securities with longer maturities are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The University does not have a formal policy that addresses interest rate risk; rather, such risk is managed by each individual investment manager, as applicable. The University and Pension Trust Funds invest in forward settling To Be Announced (TBA) Mortgage Back Securities (MBS). TBA MBS with notional amounts totaling $96,800,000 and $21,300,000 and fair values of $100,891,000 and $22,289,000 were in place at June 30, 2016 for the University and Pension Trust Funds, respectively. TBA MBS with notional amounts totaling $73,500,000 and $18,000,000 and fair values of ($77,451,000) and ($19,137,000) were in place at June 30, 2015 for the University and Pension Trust Funds, respectively. The forward settling MBS instruments expose the University to interest rate risk of mortgage backed securities.

At June 30, 2016, the Station was $75,647 overdrawn on debt securities. At June 30, 2015, the Station's portion of the University's debt securities matures as follows:

	As of June 30, 2015					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Carrying Value
U.S. Treasury Obligations	$ -	$ -	$ 38,626	$ -	$ -	$ 38,626
U.S. Agency Obligations	-	2,435	-	-	-	2,435
Commingled Debt Securities	-	-	-	-	76,490	76,490
Asset-Backed Securities	-	4,633	-	-	-	4,633
Foreign Government Obligations	-	-	8,994	-	-	8,994
U.S. Corporate Bonds & Notes	-	30,047	-	-	-	30,047
Foreign Corporate Bonds and Notes	-	8,860	-	-	-	8,860
Total	**$ -**	**$ 45,975**	**$ 47,620**	**$ -**	**$ 76,490**	**$ 170,085**

Credit Risk – Investments - An investment's credit risk is the risk that the issuer or other counterparty will not meet its obligations. For investments in debt securities, this credit risk is typically measured by the credit quality ratings provided by a nationally recognized statistical rating organization such as Moody's Investors Service (Moody's) or Standard & Poor's Ratings Group (S&P). For general investments, the University's policy is to hold corporate bonds rated A or better by S&P. Also within general investments, commercial paper and other short-term securities should be rated A-1/P-1 or better. Disposition of securities whose ratings have been downgraded after purchase is generally left to the discretion of the respective investment manager after consideration of individual facts and circumstances.

All holdings of commercial paper and variable rate demand notes were rated A-1/P-1 or better at June 30, 2016 and 2015, respectively. All holdings of money market funds were rated AAA at June 30, 2016 and 2015.

Based on investment ratings provided by Moody's or S&P, the Station's portion of the University's credit risk exposure as of June 30, 2015, is as follows:

	As of June 30, 2015						
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	Total
U.S. Treasury Obligations	$ 38,626	$ -	$ -	$ -	$ -	$ -	$ 38,626
U.S Agency Obligations	-	2,435	-	-	-	-	2,435
Mortgage-Backed Securities Guaranteed by U.S. Agencies	-	(8,444)	-	-	-	-	(8,444)
Debt Securities in Commingled Funds	-	-	-	-	-	76,490	76,490
Aaa/AAA	-	2,226	751	1	5	-	2,983
Aa/AA	-	918	-	1	554	-	1,473
A/A	-	85	997	687	517	-	2,286
Baa/BBB	-	105	3,304	2,403	749	-	6,561
Less than Baa/BBB	-	9,499	1,309	20,606	5,665	-	37,079
Unrated	-	244	2,633	6,349	1,370	-	10,596
Total	$ 38,626	$ 7,068	$ 8,994	$ 30,047	$ 8,860	$ 76,490	$ 170,085

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investments held by an outside party. In accordance with its policy, the University minimizes custodial credit risk by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. All University and Pension Trust Fund investments are insured or registered and are held by the University, the Pension Trust Funds or an agent in its name.

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of a foreign investment is referred to as foreign currency risk. The University's investment policy allows for exposure to non-U.S. dollar denominated equities and fixed income securities. Exposure to foreign currency risk from these securities is permitted and it may be fully or partially hedged using forward foreign currency exchange contracts. At June 30, 2016 and 2015, 36.41% and 34.66% respectively, of the Station's total investments and cash and cash equivalents were denominated in foreign currencies.

The Station's portion of the University's exposure to foreign currency risk is as follows:

	Foreign Currency Risk International Investment Securities at Fair Value				
Currency	Debt Securities	Equity Securities	Cash and Cash Equivalents	2016 Total	2015 Total
Euro	$ -	$ 3,128	$ (104)	$ 3,024	$ 11,225
Japanese Yen	-	3,545	(318)	3,227	10,058
British Pound Sterling	-	3,546	56	3,602	7,017
Australian Dollar	-	841	562	1,403	1,595
Canada Dollar	-	898	137	1,035	956
Swiss Franc	-	1,045	33	1,078	5,430
Hong Kong Dollar	-	1,018	17	1,035	4,416
Swedish Krona	-	1,271	1	1,272	1,955
Mexican New Peso	-	100	(1)	99	1,206
Danish Krone	-	689	7	696	1,469
New Zealand Dollar	-	-	27	27	1
Brazil Real	-	381	85	466	1,647
Polish Zloty	-	-	12	12	3
Other	-	189,022	(15)	189,007	265,857
Total	$ -	$ 205,484	$ 499	$ 205,983	$ 312,835

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issue is known as the concentration of credit risk. Investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools are excluded from this category. The University investment policies all specify diversification requirements across asset sectors. The investment policy for the general pool has specific single issuer limits in place for corporate bonds and commercial paper.

4. FAIR VALUE OF ASSETS AND LIABILITIES

The Station categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The three-tiered hierarchy for fair value is as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are available at the measurement date.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Station's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Station's own data.

At June 30, 2016 and 2015, the Station had the following recurring fair value measurements.

	2016	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level								
Debt Securities								
U.S. Treasury	$ -	$ -	$ -	$ -	$ 38,626	$ 38,626	$ -	$ -
U.S. Agency	-	-	-	-	2,435	-	2,435	-
Asset Backed	-	-	-	-	4,633	-	4,633	-
Government	-		-	-	8,974	-	8,974	-
Corporate	-	-	-	-	38,927	-	38,927	-
Equity Securities								
Domestic	16,594	16,637	(44)	-	79,835	79,835	-	-
Foreign	25,281	25,540	(259)	-	48,358	48,358	-	-
Commingled Funds:								
Absolute Return	-	-	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Investments Measured at the Net Asset Value (NAV)								
Comingled Funds:								
Absolute Return	101,614	-	-	-	114,057	-	-	-
Risk Parity	54,048	-	-	-	60,136	-	-	-
Debt Securities	-	-	-	-	76,963	-	-	-
Equity Securities	204,042	-	-	-	267,895	-	-	-
Real Estate	14,688	-	-	-	7,223	-	-	-
Non-marketable Alternative Methods:								
Real Estate	87,621	-	-	-	39,287	-	-	-
Privacy Equity	53,115	-	-	-	67,407	-	-	-
Total Investments by Fair Value Level	**$ 557,003**	**$ 42,177**	**$ (303)**	**$ -**	**$ 854,756**	**$ 166,819**	**$ 54,969**	**$ -**

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The Station's Level 1 investments primarily consist of investments in U.S. Treasury obligations, equity securities, and mutual funds. When quoted prices in active markets are not available, fair values are based on evaluated prices received from the Station's custodian of investments in conjunction with a third party service provider and are reported within Level 2 of the fair value hierarchy. The inputs for Level 2 include, but are not limited to, pricing models such as benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities, among others. The Station's Level 2 investments primarily consist of investments in U.S. government and agency obligations, and corporate debt securities that did not trade on the Station's fiscal year end date.

The following table presents investments as of June 30, 2016 that have been valued using the NAV as a practical expedient, classified by major investment category:

	Fair Value	Investment Strategy and Structure	Unfunded Commitments	Fund Term	Redemption Terms
Commingled Funds:					
Absolute Return	101,614	Broadly diversified, traditional hedge fund and risk premia exposures obtained through long/short positions across global liquid markets, structured to achieve minimal equity beta with a lower level of volatility relative to the rest of the portfolio.	-	Open Ended	Semi-Monthly, Monthly, and Quarterly redemption with 1-45 days notice
Risk Parity	54,048	An asset allocation strategy which seeks to provide higher risk-adjusted returns by allocating risk, not capital, equally across a broadly diversified portfolio of global equities, global nominal bonds and inflation-sensitive global equities, global nominal bonds and inflation-sensitive assets	-	Open Ended	Weekly, Monthly, and Quarterly redemption with 1-90 days notice
Equity Securities	204,042	Global equity exposures achieved through a combination of traditional active, passive, systematic and factor-based strategies	-	Open Ended	Daily, Semi-Monthly, and Monthly redemption with 1-15 days notice
Real Estate	14,688	Core real estate holdings in open-ended fund	-	Open Ended	Quarterly redemption with 1-30 days notice
Nonmarketable Alternative Funds:					
Real Estate	87,621	Diversified portfolio of longer-term private market funds focused on value-added and opportunistic real estate and/or real estate debt.	70,097	10 -12 years	Not applicable - no redemption ability
Private Equity	53,115	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	51,893	10 -12 years	Not applicable - no redemption ability

5. CHANGES IN UNEXPENDED GRANTS

The balance of unexpended grants at June 30, 2016 and 2015 is as follows:

	Fiscal Year	
	2016	2015
Balance, Beginning of Year	$ 196,217	$ 183,718
Grants	140,597	312,326
Deductions, Amount Expended	(246,102)	(299,827)
Balance, End of Year	**$ 90,712**	**$ 196,217**

6. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2016 and 2015, is as follows:

2016	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Depreciable:				
Transmission, Antenna and Tower	$ 639,058	$ -	$ -	$ 639,058
Studio and Other Broadcast Equipment	318,187	-	39,399	278,788
Total Capital Assets, Depreciable	957,245	-	39,399	917,846
Accumulated Depreciation:				
Transmissions, Antenna and Tower	639,058	-	-	639,058
Studio and Other Broadcast Equipment	164,503	40,778	37,462	167,819
Total Accumulated Depreciation	803,561	40,778	37,462	806,877
Total Capital Assets, Depreciable, Net	**$153,684**	**$ (40,778)**	**$ (1,937)**	**$ 110,969**

2015	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Depreciable:				
Transmission, Antenna and Tower	$ 639,058	$ -	$ -	$ 639,058
Studio and Other Broadcast Equipment	281,944	-	36,243	318,187
Equipment in Process	36,243	-	(36,243)	-
Total Capital Assets, Depreciable	957,245	-	-	957,245
Accumulated Depreciation:				
Transmissions, Antenna and Tower	639,058	-	-	639,058
Studio and Other Broadcast Equipment	121,903	42,600	-	164,503
Total Accumulated Depreciation	760,961	42,600	-	803,561
Total Capital Assets, Depreciable, Net	**$ 196,284**	**$ (42,600)**	**$ -**	**$ 153,684**

7. OPERATING LEASE OBLIGATIONS

The Station leases an above-ground broadcast tower. Future minimum payments are as follows:

Fiscal Year	Amount
2017	$ 6,270
2018	6,270
2019	6,270
2020	1,568
Total Future Minimum Payments	**$ 20,378**

Total lease payments for the years ended June 30, 2016 and 2015, were $6,270 and $6,241, respectively.

8. BOARD-DESIGNATED QUASI-ENDOWMENT

The Station's quasi-endowment was established on April 9, 1998 by the University of Missouri – Columbia as the KBIA Unrestricted Endowment Fund to provide unrestricted support to the Station. As of June 30, 2016 and 2015, the balance of the quasi-endowment was $530,650 and $620,901, respectively.

9. DONOR-DESIGNATED ENDOWMENT

The Station's permanent endowment consists of the KBIA Fund for Environmental Reporting. Distributions from the fund is based on income earned on the corpus and is used at the discretion of the General Manager of the Station with approval from the Vice Chancellor. The balance of the endowment at June 30, 2016 and 2015 is $46,815 and $49,412, respectively.

10. RISK MANAGEMENT

The Station is a part of the University's overall risk management program. The cost is part of the donated facilities and administrative support from the University. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and various medically related benefit programs for employees. The University funds these losses through a combination of self-insured retentions and commercially purchased insurance. The amount of self-insurance funds and commercial insurance maintained are based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The University does not maintain a separate liability reserve for claims relating to the Station.

11. RETIREMENT PLAN

Plan Description – The Station participates in a plan ("Retirement Plan") operated by the University. The Retirement Plan is a single-employer, defined benefit plan for all qualified employees. As authorized by Section 172.300, Revised Statutes of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms.

Benefits Provided – Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average compensation for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases.

	Retirement Plan Membership	
	2016	2015
Active Vested Members	18,445	18,407
Inactive Vested members	4,126	4,305
Pensioners and Beneficiaries	8,790	8,320
Total Members	**31,361**	**31,032**

Vested employees who are at least age 55 and have ten years or more of credited service or age 60 with at least five years of service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. Up to 30% of the retirement annuity can be taken in a lump sum payment. In addition, the standard annuity can be exchanged for an actuarially-equivalent annuity selected from an array of options with joint and survivor, period certain, and guaranteed annual increase features.

Vested employees who terminate prior to retirement eligibility may elect to transfer the actuarial equivalent of their benefit to an Individual Retirement Account or into another employer's qualified plan that accepts such rollovers. The actuarial equivalent may also be taken in the form of a lump sum payment.

In addition, the Retirement Plan allows vested employees who become disabled to continue accruing service credit until they retire. It also provides a pre-retirement death benefit for vested employees.

The Retirement Plan provides a minimum value feature for vested employees who terminate or retire. The minimum value is calculated as the actuarial equivalent of 5% of the employee's eligible compensation invested at 7.5% per credited service year or the regular calculated benefit.

Basis of Accounting – The Retirement Plan's accounting records are prepared using the accrual basis of accounting. Employer contributions to the Retirement Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Retirement Plan. The Retirement Plan does not issue a separate financial report.

Investment Valuation – Investments are reported at fair value.

Contributions – The University's contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement (ARC). The ARC for those employees hired before October 1, 2012 averaged 9.6% and 10.0% of covered payroll for the years ending June 30, 2016 and 2015, respectively. The ARC for those employees hired after September 30, 2012 averaged 5.7% and 6.1% of covered payroll for the years ended June 30, 2016 and 2015, respectively. Employees are required to contribute 1% of their salary up to $50,000 in a calendar year and 2% of their salary in excess of $50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated at the beginning of the University's fiscal year on July 1, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Net Pension Liability – the Retirement Plan's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. For the years ended June 30, 2016 and 2015, fiduciary net position as a percentage of the total pension liability amounted to 83.03% and 87.76%, respectively. The following table outlines the Station's portion of the changes in net pension liability for the years ended June 30, 2016 and 2015:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2015	**$ 2,070,115**	**$ 1,781,082**	**$ 289,033**
Changes for the year:			
Service cost	34,236	-	34,236
Interest	144,526	-	144,526
Differences between expected and actual experience	(19,154)	-	(19,154)
Contributions – employer	-	49,833	(49,833)
Contributions – employee	-	7,504	(7,504)
Net investment income	-	3,330	(3,330)
Benefit payments, including refunds of employee Contributions	(101,867)	(101,867)	-
Other changes	-	-	-
Net changes	57,741	(41,200)	98,941
Balances at June 30, 2016	**$ 2,127,856**	**$ 1,739,882**	**$ 387,974**

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2014	**$ 1,940,272**	**$ 1,802,966**	**$ 137,306**
Changes for the year:			
Service cost	51,751	-	51,751
Interest	202,206	-	202,206
Differences between expected and actual experience	9,698	-	9,698
Contributions – employer	-	76,182	(76,182)
Contributions – employee	-	10,622	(10,622)
Net investment income	-	26,700	(26,700)
Benefit payments, including refunds of employee Contributions	(133,812)	(133,812)	-
Other changes	-	(1,576)	1,576
Net changes	129,843	(21,884)	151,727
Balances at June 30, 2015	**$ 2,070,115**	**$ 1,781,082**	**$ 289,033**

Actuarial Methods and Assumptions – The October 1, 2015 actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

Inflation	2.75%
Rate of Investment Return net of Administrative expenses (Including inflation)	7.75%
Projected salary increases (Including inflation)	4.1-4.9%
Cost-of-living adjustments	0%

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 28 years from the October 1, 2015 valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of the most recent quinquennial study of the University's own experience covering 2008-2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2015 actuarial valuation, a 7.75% discount rate was used. The following table shows the sensitivity of the Station's net liability to changes in the discount rate:

	Sensitivity of the Net Liability to Changes in the Discount		
	Rate	**2016 Net Pension Liability**	**2015 Net Pension Liability**
1% Decrease	6.75%	$ 565,821	$ 676,592
Current Rate	7.75%	387,974	289,033
1% Increase	8.75%	129,894	50,897

Rate of Return – The annual money–weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments for the years ended June 30, 2016 and 2015 was (0.8%) and .7%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

Asset Class	Asset Class Allocation: Target Allocation	Long Term Expected Real Rate of Return
Domestic large cap equity	18%	6.5%
Domestic small cap equity	2%	6.5%
Domestic fixed income	3%	1.7%
International equity	19%	6.7%
Emerging markets equity	6%	9.3%
International fixed income	4%	1.8%
Real estate	6%	4.3%
Private equity	10%	11.6%
Absolute return strategies	8%	4.1%
High yield fixed income	10%	4.1%
Emerging markets fixed income	6%	4.5%
Treasury inflation protection	2%	1.7%
Floating rate bank loans	4%	2.6%
Global inflation-linked bond	2%	1.7%
	100%	

Pension Expense – For the years ended June 30, 2016 and 2015, the Station recognized pension expense of $66,461 and $56,088, respectively. Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five year period.

The pension expense for the years ended June 30, is summarized as follows:

	2016	2015
Service cost	$ 34,237	$ 51,749
Interest	144,526	202,205
Recognized portion of current-period difference between expected	(3,094)	1,560
Contributions – employee	(7,504)	(10,622)
Projected earnings on pension plan investments	(126,204)	(187,136)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	24,575	32,403
Recognition of deferred outflows of resources	1,065	-
Recognition of deferred inflows of resources	(1,140)	(34,071)
Pension expense for fiscal year ended June 30	**$ 66,461**	**$ 56,088**

Deferred Outflows/Inflows of Resources – In accordance with GASB Statements No. 67 and 68, the University recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the difference between actual and expected investment returns as Deferred Outflows/Inflows of Resources. At June 30, 2016 and 2015, the Retirement Plan reported the Station's portion of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows/Inflows of Resources Related to Pensions		
As of June 30	**Deferred Outflows of Resources 2016**	**Deferred Inflows of Resources 2016**	**Deferred Outflows of Resources 2015**
Differences between expected and actual experience	$ 4,496	$ 19,674	$ 8,139
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Net difference between projected and actual earnings on pension plan investments	129,413	-	27,397
Total	**$ 133,909**	**$ 19,674**	**$ 35,536**

The University recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the University's employees. The following table summarizes the future recognition of these items:

Projected Recognition of Deferred Outflows/Inflows	
Year Ended June 30, 2016	**Recognition**
2017	$ 21,406
2018	21,406
2019	44,688
2020	22,546
2021	(2,861)
Therafter	(591)
Total	**$106,594**

12. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Station participates in the University's postemployment benefits plan. This plan provides postretirement medical, dental, life insurance, and long-term disability benefits to claimants who were vested in the University's retirement plan at the time their disability began and vested employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or who retire after attaining age 60 with five or more years of service. Section 172.300 of the Revised Statutes of Missouri gives the Board sole authority and discretion to determine the terms and conditions governing the postemployment benefits to which employees are entitled.

In June 2008, the University established an Other Post-Employment Benefits Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. Postemployment benefits, other than long-term disability, were previously funded on a current basis and expenses were recorded on a pay-as-you-go basis. In fiscal years 2016 and 2015, the University contributed 90.4% and 44.0%, respectively, of the actuarially determined annual required contribution. The fiscal years 2016 and 2015 annual required contribution represented 2.5% and 5.3%, respectively, of annual covered payroll. The Station assumes no liability for postemployment benefits provided by the University other than its departmental charge for employee benefits.

Additional information is presented in the University's annual report, which can be obtained at the University of Missouri, 118 University Hall, Columbia, Missouri 65211.

13. RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation. There is no effect to total assets, liabilities, net position, revenues, or expenses.

University of Missouri
KBIA-FM RADIO

SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT
As of and for the Year Ended June 30, 2016

Summary of Non-Federal Financial Support

1.	Direct Revenue	$ 1,205,937
2.	Indirect Administrative Support	185,496
3.	In-Kind Contributions:	
	a. Services and Other Assets	-
	b. Property and Equipment	-
	Total In-Kind Contributions	-
4.	Total Non-Federal Financial Support	**$1,391,433**

See Accompanying Independent Auditors' Report.