University of Missouri
KBIA-FM Radio

Financial Statements as of and for the Years Ended June 30, 2018 and 2017, Supplemental Schedule for the Year Ended June 30, 2018, and Independent Auditors' Report

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University of Missouri
KBIA-FM RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2018 and 2017

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, 2018 and 2017. 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").

Effective for fiscal year 2018, the Station adopted 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. GASB statement No. 74 was adopted during fiscal year 2017 resulting in additional note disclosures and required supplementary information regarding the Station's OPEB plans. The adoption of Statement No. 75 required the Station to record a Net Postemployment Benefits Liability as well as Deferred Outflows/Inflows of Resources on its Statements of Net Position. The adoption of this statement reduced beginning unrestricted net position by $188,427 for fiscal year 2017, which included an adjustment to other postemployment benefits liability. This statement increased the change in net position by $1,612 for fiscal year 2017.

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, 2018 and 2017, including all assets, deferred outflows of resources, liabilities and deferred inflows 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, 2018 and 2017

A summary of the Station's assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position at June 30, 2018 and 2017, is as follows:

	Fiscal Year 2018	Fiscal Year 2017 (Restated)
Assets and Deferred Outflows of Resources		
Current Assets	$ 421,577	$ 429,756
Long-Term Investments	623,138	602,722
Capital Assets, Net	378,411	397,439
Total Assets	1,423,126	1,429,917
Deferred Outflows of Resources	154,198	72,385
Total Assets and Deferred Outflows of Resources	**$ 1,577,324**	**$ 1,502,302**
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities	$ 379,395	$ 431,861
Non-Current Liabilities	619,034	519,762
Total Liabilities	998,429	951,623
Deferred Inflows of Resources	13,585	8,364
Total Liabilities and Deferred Inflows of Resources	**1,012,014**	**959,987**
Net Position		
Invested in Capital Assets	380,746	397,439
Restricted – Nonexpendable	52,317	50,391
Unrestricted –		
Other	(757,360)	(762,043)
Board Designated	889,607	856,528
Total Net Position	565,310	542,315
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 1,577,324**	**$ 1,502,302**

Fiscal Year 2018 Compared to Fiscal Year 2017

Total assets decreased by $6,791 to $1,423,126, which is primarily due to a 53.6% decrease in underwriting receivables which was partially offset by a 61.0% increase in cash and cash equivalents.

Capital assets, net for the year ended June 30, 2018, decreased by $19,028 from $397,439 to $378,411. The decrease is primarily due to current year depreciation.

Total liabilities increased $46,806 over the prior year due primarily to an increase in pension liability in the current year. The Board of Curators approved a change in the discount rate from 7.75% to 7.20%, resulting in an increase to the Station's Net Pension Liability. Pension Liability is allocated to the Station by the University based on the Station's percentage of the University's overall payroll.

Net position increased by $22,995 reflecting the station's operating results for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2018 and 2017

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 as follows:

	Fiscal Year 2018	Fiscal Year 2017 (Restated)
Operating Revenues:		
Membership Contributions and Contributed Support	$ 657,888	$ 536,009
Community Service Grants from CPB	190,819	186,565
Underwriting Income	253,173	261,256
Other Grants	159,438	143,496
Other	285	365
Total Operating Revenues	1,261,603	1,127,691
Operating Expenses:		
Program Services –		
Broadcasting	93,552	104,746
Programming and Production	808,575	811,248
Total Program Services	902,127	915,994
Support Services –		
Management and General	429,635	447,850
Depreciation Expense	37,708	33,032
Underwriting and Grant Solicitation	77,200	125,389
Fund Raising and Membership Development	151,626	129,373
Total Support Services	696,169	735,644
Total Operating Expenses	1,598,296	1,651,638
Operating Loss Before Non-Operating Revenues	(336,693)	(523,947)
Non-operating Revenues:		
Support from the University of Missouri	203,924	560,811
Donated Facilities and Administrative Support from the University of Missouri	107,006	111,966
Net Pension	(25,728)	(11,006)
Net Other Postemployment Benefits	2,647	1,612
Investment Income	71,839	108,815
Total Non-Operating Revenues	359,688	772,198
Increase in Net Position	22,995	248,251
Net Position, Beginning of Year, as Previously Stated	542,315	482,491
Cumulative Effect of Change in Accounting Principle	-	(188,427)
Net Position, Beginning of Year, Restated	542,315	294,064
Net Position, End of Year	**$ 565,310**	**$ 542,315**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2018 and 2017

Fiscal Year 2018 Compared to Fiscal Year 2017

Total **Operating Revenues** for fiscal year 2018 increased $133,912 from fiscal year 2017. 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 and contributed support** for fiscal year 2018 increased $121,879 or 22.7%. **Underwriting Income** for fiscal year 2018 decreased 3.1% or $8,083 from fiscal year 2017. During fiscal year 2018, **Community Service Grants from Corporation for Public Broadcasting** increased $4,254 from fiscal year 2017.

Total **Non-operating Revenues** for fiscal year 2018 decreased by $412,510 from fiscal year 2017. 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 64% in fiscal year 2018 to $203,924 from $560,811 in fiscal year 2017, due primarily to the additional funding received in FY 2017 for improvements to the Station's studio. **Donated facilities and administrative support from the University of Missouri** decreased $4,960 or 4% in fiscal year 2018 from fiscal year 2017. In fiscal year 2018, **Investment Income** decreased $36,976 from fiscal year 2017 due to better market activity in 2017.

Total **Operating Expenses** decreased $53,342 to $1,598,296 in fiscal year 2018 compared to $1,651,638 in the previous year due primarily to decreases in underwriting and grant solicitation and management and general expenses. **Program services** represented 56% and 55% of total operating expenses for fiscal years 2018 and 2017, respectively. **Support services** represented 44% and 45% of total operating expenses for fiscal years 2018 and 2017, 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 2021, which is the same amount that was provided by Congress for FY2019 and FY2020. As a result, KBIA expects the Community Service Grant from CPB to remain relatively flat. 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 2021.

- Other: KBIA is seeing opportunities to continue increasing revenues from other sources, including membership, underwriting, philanthropic and corporate foundations, and major gifts from individual donors. An increasing number of members have elected to be sustaining members. The continuing economic recovery has resulted in increased underwriting interest from both for-profits and nonprofits. Columbia area foundations are increasing their support of KBIA's local news reporting, focused on the arts, agriculture, health, education, entrepreneurship, and state and local government.

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

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, 2018 and 2017, 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.

Auditors' 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, 2018 and 2017, and the changes in its 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, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years 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.

As discussed in Note 1, in 2018 the Station adopted Governmental *Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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, 2018, 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.

Muller Prost LC

January 14, 2019
St. Louis, Missouri

Certified Public Accountants

University of Missouri
KBIA-FM RADIO

STATEMENTS OF NET POSITION
As of June 30, 2018 and 2017

	2018	(Restated - Note 1) 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	$ 73,490	$ 45,645
Accounts Receivable, Net	43,589	93,929
Pledges Receivable, Net	134,921	123,309
Due from KWWC	120,678	120,678
Prepaid Expense	48,899	46,195
Total Current Assets	**421,577**	**429,756**
Non-Current Assets:		
Long-Term Investments	623,138	602,722
Capital Assets, Net	378,411	397,439
Total Non-Current Assets	**1,001,549**	**1,000,161**
Deferred Outflows of Resources:		
Deferred Outflows Related to Pension	154,198	72,385
Total Deferred Outflows of Resources	**154,198**	**72,385**
Total Assets and Deferred Outflows of Resources	**$ 1,577,324**	**$ 1,502,302**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	$ 39,203	$ 42,794
Accrued Vacation	52,774	50,484
Unexpended Grants	220,016	312,006
Unearned Revenue	67,402	26,577
Total Current Liabilities	**379,395**	**431,861**
Non-Current Liabilities:		
Accrued Vacation	23,127	23,529
Pension Liability	425,324	317,782
Other Postemployment Benefits Liability	170,583	178,451
Total Non-Current Liabilities	**619,034**	**519,762**
Deferred Inflows of Resources:		
Deferred Inflows Related to Other Post Employment Benefits	13,585	8,364
Total Deferred Inflows of Resources	**13,585**	**8,364**
Total Liabilities and Deferred Inflows of Resources	**1,012,014**	**959,987**
Net Position:		
Invested in Capital Assets	380,746	397,439
Restricted - Nonexpendable	52,317	50,391
Unrestricted		
Other	(757,360)	(762,043)
Board Designated	889,607	856,528
Total Net Position	**565,310**	**542,315**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 1,577,324**	**$ 1,502,302**

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, 2018 and 2017

	2018	(Restated - Note 1) 2017
Operating Revenues:		
Membership Contributions and Contributed Support	$ 657,888	$ 536,009
Community Service Grants from Corporation for Public Broadcasting	190,819	186,565
Underwriting Income	253,173	261,256
Other Grants	159,438	143,496
Other	285	365
Total Operating Revenues	**1,261,603**	**1,127,691**
Operating Expenses:		
Program Services -		
Broadcasting	93,552	104,746
Programming and Production	808,575	811,248
Total Program Services	**902,127**	**915,994**
Supporting Services -		
Management and General	429,635	447,850
Depreciation Expense	37,708	33,032
Underwriting and Grant Solicitation	77,200	125,389
Fundraising and Membership Development	151,626	129,373
Total Supporting Services	**696,169**	**735,644**
Total Operating Expenses	**1,598,296**	**1,651,638**
Operating Loss Before Non-Operating Revenues	**(336,693)**	**(523,947)**
Nonoperating Revenues:		
Support from the University of Missouri	203,924	560,811
Donated Facilities and Administrative Support from the University of Missouri	107,006	111,966
Net Pension	(25,728)	(11,006)
Net Other Postemployment Benefits	2,647	1,612
Investment Income	71,839	108,815
Total Non-Operating Revenues	**359,688**	**772,198**
Increase in Net Position	**22,995**	**248,251**
Net Position, Beginning of Year, as Previously Stated	**542,315**	**482,491**
Cumulative Effect of Change in Accounting Principle (Note 1)	**-**	**(188,427)**
Net Position, Beginning of Year, as Restated	**542,315**	**294,064**
Net Position, End of Year	**$ 565,310**	**$ 542,315**

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, 2018 and 2017

	2018	(Restated Note - 1) 2017
Cash Flows from Operating Activities:		
Membership Contributions and Contributed Support	$ 646,276	$ 512,222
Corporation for Public Broadcasting and Other Grants	258,552	551,720
Underwriting Income	344,338	233,317
Payments to Suppliers and Employees	(1,457,989)	(1,564,727)
Net Cash Used in Operating Activities	**(208,823)**	**(267,468)**
Cash Flows from Capital Financing Activities:		
Purchase of Capital Assets	(18,680)	(319,502)
Net Cash Used by Capital Financing Activities	**(18,680)**	**(319,502)**
Cash Flows from Non-Capital Financing Activities:		
Payments and Contributions from University of Missouri	203,924	560,811
Net Cash Provided by Capital Financing Activities	**203,924**	**560,811**
Cash Flows from Investing Activities:		
Sale of Investments	1,737,917	2,184,427
Purchase of Investments	(1,758,332)	(2,230,146)
Investment Income	71,839	108,815
Net Cash Provided by Investing Activities	**51,424**	**63,096**
Net Increase in Cash and Cash Equivalents	**27,845**	**36,937**
Cash and Cash Equivalents, Beginning of Year	**45,645**	**8,708**
Cash and Cash Equivalents, End of Year	**$ 73,490**	**$ 45,645**
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	$ (336,693)	$ (523,947)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities -		
Depreciation Expense	37,708	33,032
Donated Facilities and Administrative Support	107,006	111,966
Changes in Assets and Liabilities:		
Accounts Receivable, Net	50,340	(35,613)
Pledges Receivable, Net	(11,612)	(23,787)
Due from KWWC	-	97
Prepaid Expense	(2,704)	(4,472)
Accounts Payable and Other Accrued Expenses	(3,591)	(46,678)
Accrued Vacation	1,888	(7,034)
Unexpended Grants and Unearned Revenue	(51,165)	228,968
Net Cash Used in Operating Activities	**$ (208,823)**	**$ (267,468)**
Non-cash Activity:		
Change in Pension Liability Expected to be Received from the University of Missouri	$ (25,728)	$ (11,006)
Change in Other Post Employment Benefits Liability Expected to be Received from the University of Missouri	$ 2,647	$ 1,612
Administrative Support from the University of Missouri	107,006	111,966

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, the Station is required to follow all applicable 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 revenues from activities that have the characteristics of non-exchange transactions, such as support from the University, permanent endowment contributions, and investment income.

Cash, Cash Equivalents and Investments – The Station participated in the University's pooled cash accounts for fiscal years 2018 and 2017 and pooled investment accounts for fiscal years 2018 and 2017. For fiscal years 2018 and 2017, 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 years 2018 and 2017, 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. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment settlements receivable and investment settlements payable represent investment transactions occurring on or before June 30, which settle after that date. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment and endowment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Non-marketable alternative investments and certain commingled funds are recorded based on valuations provided by the general partners of the respective partnerships. The University believes that the carrying value of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for investments existed.

Derivative instruments such as forward foreign currency contracts are recorded at fair value. The University enters into forward foreign currency contracts to reduce the foreign exchange rate exposure of its international investments. These contracts are marked to market, with the changes in market value being reported in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Position.

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, 2018 and 2017 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. As of June 30, 2018, the Station had an allowance for doubtful accounts totaling $7,101 for uncollectible pledges based on management's expectations regarding the collection of pledges and the Station's historical collection experience. There was no allowance for doubtful accounts recorded as of June 30, 2017.

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 – Capital assets represent building improvements and equipment acquired primarily for the use of the Station. Title of the building improvements and equipment rests in the name of the University, and therefore, such assets can be transferred to or from the Station at the discretion of the University. 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 ten to forty years for building improvements and seven to fifteen years for transmission, antenna, tower, studio and broadcast equipment, and furniture and fixtures. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Unearned Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Position as of June 30, 2018 and 2017, 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.

Pension and Other Postemployment Benefits - Pension and Other Postemployment (OPEB) related items, including: net pension and net OPEB liability, deferred outflow of resources, deferred inflow of resources, net pension expense and net OPEB expense, fiduciary net assets, and 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 and OPEB will be paid by the University and any payments are included in the support of the Station. Likewise, net pension and net OPEB expense and income are reported as non-operating items.

Deferred Outflows of Resources –The Station reports the consumption of net position that relates to future reporting periods as deferred outflows of resources in a separate section of the Statements of Net Position.

Deferred Inflows of Resources –The Station reports the acquisition of net position that relates to future reporting periods as deferred inflows of resources in a separate section of the Statements of Net Position.

Net Position – For financial reporting, the Station's net position is classified in the following 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:** The 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. These expenses are allocated by Station management to management and general in the statements of revenues, expenses, and changes in net assets.

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, 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 2018, the Station adopted 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. GASB statement No. 74 was adopted during fiscal year 2017 resulting in additional note disclosures and required supplementary information regarding the Station's OPEB plans. The adoption of Statement No. 75 required the Station to record a Net Postemployment Benefits Liability as well as Deferred Outflows/Inflows of Resources on its Statements of Net Position. The adoption of this statement reduced beginning unrestricted net position by $188,427 for fiscal year 2017, which included an adjustment to other postemployment benefits liability. This statement increased the change in net position by $1,612 for fiscal year 2017.

Effective for fiscal year 2018, the Station adopted 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. Adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2018, the Station adopted GASB Statement No. 85, Omnibus 2017, which intends to enhance consistency in the application of certain accounting and financial reporting requirements. Adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2018, the Station adopted Statement No. 86, Certain Debt Extinguishment Issues, which intends to improve the consistency in accounting and reporting for in-substance defeasance of debt. Adoption of this statement had no effect on the Station's financial statements.

In November 2016, GASB issued GASB Statement No. 83, Certain Asset Retirement Obligations, which establishes criteria for determining recognition of a liability and corresponding deferred outflows of resources for legally enforceable liabilities associated with the retirement of certain intangible capital assets. The Station will adopt this statement in fiscal year 2019 and has not fully determined the effect that implementing GASB Statement No. 83 will have on its financial statements.

In January 2017, GASB issued GASB Statement No. 84, Fiduciary Activities, which intends to enhance consistency and comparability on how fiduciary activities are reported. The Station will adopt this statement in fiscal year 2020 and has not fully determined the effect that implementing GASB Statement No. 84 will have on its financial statements.

In June 2017, GASB issued GASB Statement No. 87, Leases, which requires recognition of certain lease assets and liabilities that were previously classified as operating leases. The Station will adopt this statement in fiscal year 2022 and has not yet determined the effect that implementing GASB Statement No. 87 will have on its financial statements.

In April 2018, GASB issued GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which requires additional disclosures regarding certain types of debt. The Station will adopt this statement in fiscal year 2019 and has not fully determined the effect that implementing GASB Statement No. 88 will have on its financial statements.

In June 2018, GASB issued GASB statement No. 89, Accounting for the Interest Cost Incurred before the End of a Construction Period, which requires interest cost incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred and thereby not capitalized as part of the historical cost of a capital asset. The Station will adopt this statement in fiscal year 2021 and has not fully determined the effect that implementing GASB Statement No. 89 will have on its financial statements.

Effective for fiscal year 2017, the Station adopted 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. Adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2017, the Station adopted 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. Adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2017, the Station adopted GASB Statement No. 80, Blending Requirements for Certain Component Units, which intends to improve financial reporting by establishing an additional blending requirement for component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. Adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2017, the Station adopted 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. Adoption of this statement had no effect on the Station's financial statements.

2. CASH AND CASH EQUIVALENTS RISK

Custodial Credit Risk – Deposits – 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, 2018 and 2017, respectively.

3. INVESTMENTS

Investments – 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, including unrealized gains and losses, of 2.2% and 4.5% for the years ended June 30, 2018 and 2017, respectively. At various times throughout the year the Station may overdraw their portion of the pool on certain investments. At June 30, 2018 and 2017, the Station was overdrawn on debt securities totaling $11,941 and $19,188 respectively, which is classified within accounts payable and other accrued expenses on the statement of net position.

At June 30, 2018 and 2017, the Station held the following types of investments:

	Carrying Value As of June 30, 2018	Carrying Value as of June 30, 2017
Debt Securities	$ -	$ -
Corporate Stocks	321,271	366,034
Real Estate	76,092	78,034
Absolute Return	182,692	131,308
Money Market Funds	66,570	2,185
Risk Parity	43,083	27,346
Other Cash Equivalents	6,920	43,460
Total Investments and Cash and Cash Equivalents	**$ 696,628**	**$ 648,367**

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 have investments in asset-backed securities, which consist primarily of mortgage-backed securities guaranteed by U.S. agencies and corporate collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security may have repayments that vary significantly with changes in market interest rates.

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, 2018 and 2017. All holdings of money market funds were rated AAA at June 30, 2018 and 2017.

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, 2018 and 2017, 24.11% and 31.81%, 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	2018 Total	2017 Total
Euro	$ -	$ 4,240	$ 41	$ 4,281	$ 4,534
Japanese Yen	-	3,914	(84)	3,830	4,013
British Pound Sterling	-	3,251	125	3,376	3,582
Australian Dollar	-	432	3	435	462
Canadian Dollar	-	875	398	1,273	1,349
Swiss Franc	-	1,450	-	1,450	1,536
Hong Kong Dollar	-	1,408	-	1,408	1,492
Swedish Krona	-	1,099	-	1,099	1,164
Mexican New Peso	-	-	(25)	(25)	(33)
Danish Krone	-	1,041	3	1,044	1,106
New Zealand Dollar	-	73	79	152	168
Brazil Real	-	354	13	367	385
Polish Zloty	-	-	2	2	2
Other	-	149,207	33	149,240	186,493
Total	**$ -**	**$ 167,344**	**$ 588**	**$ 167,932**	**$ 206,253**

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.

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.

At June 30, 2018 and 2017, the Station had the following recurring fair value measurements:

	2018	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2017	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Agency	-	-	-	-	-	-	-	-
Asset Backed	-	-	-	-	-	-	-	-
Government	-		-	-	-		-	-
Corporate	-	-	-	-	-	-	-	-
Equity Securities								
Domestic	25,998	25,998	-	-	20,482	20,482	-	-
Foreign	30,823	30,823	-	-	29,547	29,547	-	-
Investments Measured at the Net Asset Value (NAV)								
Comingled Funds:								
Absolute Return	182,692	-	-	-	131,308	-	-	-
Risk Parity	43,083	-	-	-	27,346	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Equity Securities	155,088	-	-	-	219,584	-	-	-
Real Estate	12,826	-	-	-	14,795	-	-	-
Non-marketable Alternative Methods:								
Real Estate	63,266	-	-	-	63,239	-	-	-
Private Equity	109,362	-	-	-	96,421	-	-	-
Total Investments by Fair Value Level	**$ 623,138**	**$ 56,821**	**$ -**	**$ -**	**$ 602,722**	**$ 50,029**	**$ -**	**$ -**

The following table presents investments as of June 30, 2018 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	182,692	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	43,083	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	155,088	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	12,826	Core real estate holdings in open-ended fund.	-	Open Ended	Quarterly redemption with 1-30 days notice
Nonmarketable Alternative Funds:					
Real Estate	63,266	Diversified portfolio of longer-term private market funds focused on value-added and opportunistic real estate and/or real estate debt.	33,896	10 -12 years	Not applicable - no redemption ability
Private Equity	109,362	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies.	79,787	10 -12 years	Not applicable - no redemption ability

5. CHANGES IN UNEXPENDED GRANTS

The balance of unexpended grants at June 30, 2018 and 2017 is as follows:

	Fiscal Year	
	2018	2017
Balance, Beginning of Year	$ 312,006	$ 90,712
Grants	258,267	551,355
Deductions, Amount Expended	(350,257)	(330,061)
Balance, End of Year	**$ 220,016**	**$ 312,006**

6. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2018 and 2017, is as follows:

2018	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets:				
Building Improvements	$ -	$ 319,502	$ -	$ 319,502
Transmission, Antenna and Tower	639,058	-	-	639,058
Studio and Other Broadcast Equipment	278,788	18,680	-	297,468
Construction in Process	319,502	-	319,502	-
Total Capital Assets	1,237,348	338,182	(319,502)	1,256,028
Accumulated Depreciation:				
Building Improvements	-	7,988	-	7,988
Transmissions, Antenna and Tower	639,058	-	-	639,058
Studio and Other Broadcast Equipment	200,851	29,720	-	230,571
Total Accumulated Depreciation	839,909	37,708	-	877,617
Total Capital Assets, Net	**$ 397,439**	**$ 300,474**	**$(319,502)**	**$ 378,411**

2017	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets:				
Transmission, Antenna and Tower	$ 639,058	$ -	$ -	$ 639,058
Studio and Other Broadcast Equipment	278,788	-	-	278,788
Construction in Process	-	319,502	-	319,502
Total Capital Assets	917,846	319,502	-	1,237,348
Accumulated Depreciation:				
Transmissions, Antenna and Tower	639,058	-	-	639,058
Studio and Other Broadcast Equipment	167,819	33,032	-	200,851
Total Accumulated Depreciation	806,877	33,032	-	839,909
Total Capital Assets, Net	**$110,969**	**$286,470**	**$ -**	**$ 397,439**

7. OPERATING LEASE OBLIGATIONS

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

Fiscal Year	Amount
2019	6,270
2020	1,568
Total Future Minimum Payments	**$ 7,838**

Total lease payments for each of the years ended June 30, 2018 and 2017, were $6,270.

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, 2018 and 2017, the balance of the quasi-endowment was $889,607 and $856,528, 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, 2018 and 2017 was $52,317 and $50,391, 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	
	2018	2017
Active Vested Members	18,135	18,233
Inactive Vested members	4,659	4,215
Pensioners and Beneficiaries	9,763	9,242
Total Members	**32,557**	**31,690**

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 (ADC). The ADC for those employees hired before October 1, 2012 averaged 9.4% and 9.5% of covered payroll for the years ending June 30, 2018 and 2017, respectively. The ADC for those employees hired after September 30, 2012 averaged 5.5% and 5.6% of covered payroll for the years ended June 30, 2018 and 2017, 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. The University contributed $92,200,000 and $96,631,000 during the fiscal years ended June 30, 2018 and 2017, respectively.

Net Pension Liability – the Retirement Plan's net pension liability was measured as of June 30, 2018 and 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017 and 2016, respectively. Roll-forward procedures were used to measure the Retirement Plan's total pension liability as of June 30, 2018 and 2017.

The following table outlines the Station's portion of the changes in net pension liability for the years ended June 30, 2018 and 2017:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2017	**$ 2,194,669**	**$ 1,876,887**	**$ 317,782**
Changes for the year:			
Service cost	32,749	-	32,749
Interest	157,394	-	157,394
Differences between expected and actual experience	6,024	-	6,024
Contributions – employer	-	47,458	(47,458)
Contributions – employee	-	7,875	(7,875)
Net investment income	-	165,894	(165,894)
Benefit payments, including refunds of employee contributions	(119,974)	(119,974)	-
Other Changes	132,602	-	132,602
Net changes	208,795	101,253	107,542
Balances at June 30, 2018	**$ 2,403,464**	**$ 1,978,140**	**$ 425,324**

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2016	**$ 2,127,856**	**$ 1,739,882**	**$ 387,974**
Changes for the year:			
Service cost	34,223	-	34,223
Interest	153,317	-	153,317
Differences between expected and actual experience	(11,744)	-	(11,744)
Contributions – employer	-	49,902	(49,902)
Contributions – employee	-	7,859	(7,859)
Net investment income	-	188,227	(188,227)
Benefit payments, including refunds of employee contributions	(108,983)	(108,983)	-
Net changes	66,813	137,005	(70,192)
Balances at June 30, 2017	**$ 2,194,669**	**$ 1,876,887**	**$ 317,782**

Actuarial Methods and Assumptions – The October 1, 2017 and 2016 actuarial valuations utilized the entry age actuarial cost method. During fiscal year 2018, the Board of Curators approved a change in the discount rate from 7.75% to 7.20%. The change resulted in an increase in the Net Pension Liability of $132,602 and will be recognized in pension expense over the average expected remaining service lives of employees.

Actuarial assumptions for October 1, 2017 and 2016 included:

	2017	2016
Inflation	2.20%	2.75%
Rate of Investment Return net of Administrative expenses (Including inflation)	7.20%	7.75%
Projected salary increases (Including inflation)	3.6 – 4.5%	4.1 – 4.9%
Cost-of-living adjustments	0%	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 26 and 27 years from the October 1, 2017 and 2016 valuation dates, respectively. Mortality rates were based on the RP-2014 Combined Health Mortality Table projected using scale MP-2017 and RP-2000 using Combined Health Mortality Table projected to 2023 using Scale BB for October 1, 2017 and 2016 valuation dates, respectively.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2012 to 2016. The actuarial assumptions used in the October 1, 2016 valuation were based on the results of the quinquennial study of the University's own experience covering 2018 to 2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.20%. 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 contributions will be made at rates equal to the 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, 2017 actuarial valuation, a 7.20% rate was used as the net long-term expected rate of return.

The following table shows the sensitivity of the Station's portion of the net liability to changes in the discount rate:

	Sensitivity of the Net Liability to Changes in the Discount	
	Rate	2018 Net Pension Liability
1% Decrease	6.20%	$ 662,550
Current Rate	7.20%	425,324
1% Increase	8.20%	135,247

	Rate	2017 Net Pension Liability
1% Decrease	6.75%	$ 516,200
Current Rate	7.75%	317,782
1% Increase	8.75%	59,866

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, 2018 and 2017 was 10.2% and 11.1%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

	Asset Class Allocation	
Asset Class	**Target Allocation**	**Long Term Expected Real Rate of Return**
Domestic large cap equity	14.5%	4.7%
International developed equity	14.5%	9.7%
Emerging markets equity	3.0%	8.6%
Private equity	10.0%	7.8%
Sovereign bonds	15.0%	3.1%
Domestic inflation linked bonds	10.0%	2.9%
Global inflation linked bonds	7.0%	2.6%
Private debt	3.0%	6.5%
Risk balanced	10.0%	9.7%
Commodities	5.0%	4.3%
Core private real estate	1.6%	4.6%
Value add private real estate	4.8%	6.6%
Opportunistic private real estate	1.6%	8.6%
	100%	

Pension Expense – For the years ended June 30, 2018 and 2017, the Station recognized a portion of the University's pension expense in the amount of $73,186 and $60,907, 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 Station's portion of pension expense for the years ended June 30, is summarized as follows:

	2018	**2017**
Service cost	$ 32,749	$ 34,223
Interest	157,394	153,317
Recognized portion of current-period difference between expected and actual experience	1,098	(1,942)
Recognized portion of current-period difference for changes in assumptions	24,171	
Contributions – employee	(7,875)	(7,859)
Projected earnings on pension plan investments	(136,166)	(126,560)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	(5,946)	(12,334)
Recognition of deferred outflows of resources	12,875	25,251
Recognition of deferred inflows of resources	(5,114)	(3,189)
Pension expense for fiscal year ended June 30	**$ 73,186**	**$ 60,907**

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, 2018 and 2017, 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 2018**	**Deferred Outflows of Resources 2017**
Differences between expected and actual experience	25,530	16,596
Changes of assumptions	116,095	-
Changes of benefit terms	-	-
Net difference between projected and actual earnings on pension plan investments	12,573	55,789
Total	**154,198**	**72,385**

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)	
Fiscal Year Ended	**Recognition**
2019	61,001
2020	38,255
2021	5,970
2022	26,780
2023	22,192
Total	**$154,198**

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – In addition to the pension benefits described in Note 11, the University operates a single-employer, defined benefit OPEB plan. The University's Other Postemployment Benefits (OPEB) Plan provides postemployment medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after attaining age 60 with five or more years of service. As of January 1, 2018, employees must be 60 years old and have 20 years of service at the date of retirement to access the same percentage subsidy as retirees prior to January 1, 2018. Employees with age plus years of service less than 80 but with more than 5 years of service as of January 1, 2018 will receive a subsidy of $100 per year of service up to a maximum of $2,500 annually. Employees with less than 5 years of service as of January 1, 2018 will not receive an insurance subsidy or be eligible to participate in the University's plans.

As of June 30, 2018 and 2017, 8,603 and 7,517 retirees, respectively, were receiving benefits, and an estimated 10,649 active University employees may become eligible to receive future benefits under the plan. Postemployment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2018 and 2017, 210 and 166 long-term disability claimants, respectively, met those eligibility requirements.

The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University's Board of Curators.

Basis of Accounting – The OPEB Plan's financial statements are prepared using the accrual basis of accounting, in accordance with GASB Statement No. 74. Additionally, the requirements of GASB Statement No. 75 are followed by the University for reporting its OPEB obligations and related footnote and required supplementary information disclosures. The assets of the OPEB Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. The OPEB Plan does not issue a separate financial report.

Contributions and Reserves – Contribution requirements of employees and the University are established and may be amended by the University's Board of Curators. For employees retiring prior to September 1, 1990, the University contributes 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retired on or after September 1, 1990, the University contributes toward premiums based on the employee's length of service and age at retirement.

The University makes available two group term life insurance options. Option A coverage is equal to the retiree's salary at the date of retirement, while Option B is equal to two times that amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of the cost of Option B coverage. Coverage for group term life insurance ends on January 1 following the retiree's 70th birthday.

For the years ended June 30, 2018 and 2017, all participants, including the Stations' participants, contributed $16,480,000 and $14,750,000, or approximately 49.9% and 47.5%, respectively, of total premiums through their required contributions, which vary depending on the plan and coverage selection. In fiscal years 2018 and 2017, the University contributed $18,590,000 and $21,394,000 respectively.

The University makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary. Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

Net OPEB Liability – The University of Missouri began reporting a net OPEB liability in restated fiscal year 2017 financial statements in accordance with GASB Statement No. 75, which established requirements for financial reporting for postemployment benefits other than pension plans and replaces GASB Statement No. 45. The Station's portion of the net OPEB liabilities as of June 30, 2018 and 2017 were measured as of June 30, 2018 and 2017, respectively, using actuarial valuations as of those dates.

	Fiscal Year 2018	Fiscal Year 2017
Net OPEB Liability Components:		
Total OPEB Liability	$184,779	$192,404
Plan Fiduciary Net Position	(14,196)	(13,953)
Net OPEB Liability	170,583	178,451
Plan Fiduciary Net position as a percentage of Total OPEB Liability	7.68%	7.25%

Changes in the Net OPEB Liability

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)– (b)
Balances at July 1, 2017	**$192,404**	**$13,953**	**$178,451**
Changes for the year:			
Service Cost	1,927	-	1,927
Interest	6,730	-	6,730
Changes in Assumptions	(7,334)	-	(7,334)
Contributions - Employer	-	7,176	(7,176)
Contributions – Employee	-	6,362	(6,362)
Net Investment Income	-	305	(305)
Expected/Actual Benefit payments, including refunds of employee contribution	(8,948)	(13,534)	4,586
Administrative Expenses	-	(66)	66
Net Changes	(7,625)	243	(7,868)
Balances at June 30, 2018	**$184,779**	**$14,196**	**$170,583**

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)– (b)
Balances at July 1, 2016	**$201,994**	**$13,568**	**$188,426**
Changes for the year:			
Service Cost	3,634	-	3,634
Interest	5,620	-	5,620
Changes in Assumptions	(9,219)	-	(9,219)
Contributions - Employer	-	8,259	(8,259)
Contributions – Employee	-	5,694	(5,694)
Net Investment Income	-	353	(353)
Expected/Actual Benefit payments, including refunds of employee contribution	(9,625)	(13,848)	4,223
Administrative Expenses	-	(73)	73
Net Changes	(9,590)	385	(9,975)
Balances at June 30, 2017	**$192,404**	**$13,953**	**$178,451**

Actuarial Methods and Assumptions - Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The entry age normal, as a level percent of pay, actuarial cost method was used in the June 30, 2018 and June 30, 2017 actuarial valuations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision of actual results, are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the University and plan members in the future.

Total OPEB liability was determined using the following actuarial assumptions for all periods presented, unless otherwise specified:

Total OPEB Liability Assumptions	
Inflation	2.20%
Total Payroll Growth	Varies based on age: 0.5% to 4.6% (including inflation) for academic and administrative; 0.2% to 3.0% (including inflation) for clerical and service
Discount Rate	3.87% (3.58% in prior year)
Retiree Health PPO Plan, Healthy Savings, and Rx trend rate	8.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Pre-65 Rx trend rate	9.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Medicare Advantage Plans medical trend rate	4.6% and 37.5% for Base Plan; 5.6% and 24.2% for Buy-Up Plan; then 6.5% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
EGWP Rx trend rate	8.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Dental trend rates	3.0% all years
Administration expenses rate	3.0% all years
Healthy retiree mortality rates	RP-2014 Healthy Employee/Annuitant Mortality Table projected generationally using Scale MP-2017
Disabled retiree mortality rates	RP-2014 Disabled Annuitant Mortality Table projected generationally using Scale MP-2017

Development of Discount Rate – The discount rates used to measure the total OPEB liability were 3.87% and 3.58% as of fiscal year June 30, 2018 and June 30, 2017, respectively. The projection of cash flows used to determine the discount rate assumed that the University would not make additional contributions to the OPEB Trust and would continue to fund the plan on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity to Changes in Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the University as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate as well as the impact to the net OPEB liability if the healthcare cost trend rates were 1- percentage-point lower or 1-percentage-point higher.

Sensitivity of the Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates

	1% Decrease in Discount Rate (2.87%)	Current Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Net OPEB Liability	$198,000	$170,583	$149,351

	1% Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$152,446	$170,583	$194,013

OPEB Expense - For the years ended June 30, 2018 and 2017, the OPEB Plan recognized an OPEB expense of $6,256 and $8,046, respectively. Annual OPEB expense consists of service cost, interest on the total OPEB liability and the recognition of deferred outflows/inflows.

The OPEB expense for the years ended June 30, 2018 and 2017 is summarized as follows:

OPEB Expense	2018	2017
Service Cost	$1,958	$3,634
Interest	6,840	5,620
Recognized portion of current-period difference for changes to assumptions	(1,253)	(1,136)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	(62)	(72)
Recognition of deferred inflows of resources	(1,227)	-
OPEB expense for fiscal year ended June 30,	**$6,256**	**$8,046**

Deferred Outflows/Inflows of Resources - In accordance with GASB Statement No. 75, 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, 2018 and 2017, the OPEB Plan reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

As of June 30,	Deferred Inflows of Resources 2018	Deferred Inflows of Resources 2017
Changes in Assumptions	13,127	8,082
Net Difference between projected and actual earnings on plan investments	458	282
Total	**13,585**	**8,364**

The Station 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 Station's employees. The following table summarizes the future recognition of these items:

Future Recognition of deferred (inflows)	
Fiscal Year	**Recognition**
2019	(2,516)
2020	(2,516)
2021	(2,516)
2022	(2,445)
2023	(2,322)
2024	(1,144)
2025	(126)
Total	**(13,585)**

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, or change in net position.

University of Missouri
KBIA-FM RADIO

SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT
As of and for the Year Ended June 30, 2018

Summary of Non-Federal Financial Support

1.	Direct Revenue	$ 1,254,821
2.	Indirect Administrative Support	107,006
3.	In-Kind Contributions:	
	a. Services and Other Assets	-
	b. Property and Equipment	-
	Total In-Kind Contributions	-
4.	Total Non-Federal Financial Support	**$1,361,827**

See Accompanying Independent Auditors' Report.