

***University of Missouri  
KBIA-FM Radio***

*Financial Statements as of and for the Years Ended  
June 30, 2014 and 2013, Supplemental Schedule for  
the Year Ended June 30, 2014, and Independent  
Auditors' Report*

**Mueller Prost**  
CPAs + Business Advisors



Main tel +1 314 862 2070 | Main fax +1 314 862 1549 | [www.muellerprost.com](http://www.muellerprost.com)  
St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105  
St. Charles | 2460 Executive Drive | St. Charles | MO | 63303  
Long Beach | 4541 East Anaheim Street | Long Beach | CA | 90804



Mueller Prost is a member of PKF North America, an association of more than 100 legally independent firms.

***University of Missouri***  
**KBIA-FM RADIO**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>Management's Discussion and Analysis</b>	1
<b>Independent Auditors' Report</b>	6
<b>Basic Financial Statements as of and for the Years Ended June 30, 2014, and 2013:</b>	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Basic Financial Statements	11
<b>Supplemental Information for the Year Ended June 30, 2014:</b>	
Supplemental Schedule of Non-Federal Financial Support	21

***University of Missouri***  
**KBIA-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2014 and 2013**

---

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, 2014 and 2013. 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 entity 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, nonprofit 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](http://KBIA.org).

**STATEMENTS OF NET POSITION**

The Statements of Net Position present the financial position of the Station as of June 30, 2014 and 2013, including all assets and liabilities 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.

**University of Missouri**  
**KBIA-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2014 and 2013**

---

A summary of the Station's assets, liabilities, and net position, is as follows:

	Fiscal Year 2014	Fiscal Year 2013
<b>Assets</b>		
Current Assets	\$ 382,321	\$ 421,217
Long-Term Investments	834,988	772,393
Capital Assets, Depreciable, Net	196,284	199,325
Total Assets	<u>\$ 1,413,593</u>	<u>\$ 1,392,935</u>
<b>Liabilities and Net Position</b>		
Current Liabilities	\$ 285,339	\$ 247,963
Noncurrent Liabilities	17,215	18,018
Total Liabilities	<u>302,554</u>	<u>265,981</u>
Net Position:		
Invested in Capital Assets	196,284	199,325
Unrestricted -		
Other	59,901	132,297
Board Designated	854,854	795,332
Total Net Position	<u>1,111,039</u>	<u>1,126,954</u>
Total Liabilities and Net Position	<u>\$ 1,413,593</u>	<u>\$ 1,392,935</u>

**Fiscal Year 2014 Compared to Fiscal Year 2013**

**Total assets** increased by \$20,658 to \$1,413,593, which primarily is due to an increase in long-term investments.

**Capital assets, depreciable** for the year ended June 30, 2014, decreased by \$3,041 from \$199,325 to \$196,284. The small decrease is due to the purchase of new equipment which nets with current year accumulated depreciation.

**Total liabilities** increased \$36,573 over the prior year due primarily to an increase in Unexpended Grants.

**Net position** decreased by \$15,915 reflecting the station's operating results for the year.

**University of Missouri**  
**KBIA-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2014 and 2013**

**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 2014	Fiscal Year 2013
Operating Revenues:		
Membership Contributions and Contributed Support	\$ 521,516	\$ 512,494
Underwriting Income	206,974	283,732
Community Service Grants from Corporation for Public Broadcasting	187,021	242,064
Other Grants	67,422	-
Other	15,140	3,982
Total Operating Revenues	<u>998,073</u>	<u>1,042,272</u>
Operating Expenses:		
Program Services -		
Broadcasting	148,910	124,595
Promotions	14,926	29,500
Programming and Production	836,151	733,132
Total Program Services	<u>999,987</u>	<u>887,227</u>
Support Services -		
Management and General	347,976	328,031
Fundraising and Membership Development	238,082	282,021
Total Support Services	<u>586,058</u>	<u>610,052</u>
Depreciation Expense	<u>39,284</u>	<u>39,318</u>
Total Operating Expenses	<u>1,625,329</u>	<u>1,536,597</u>
Operating Loss Before Non-operating Revenues	<u>(627,256)</u>	<u>(494,325)</u>
Nonoperating Revenues:		
Support from the University of Missouri	361,051	303,621
Donated Facilities and Administrative Support from the University of Missouri	133,866	98,129
Investment Income	116,424	85,551
Total Non-operating Revenues	<u>611,341</u>	<u>487,301</u>
Decrease in Net Position	(15,915)	(7,024)
Net Position, Beginning of Year	<u>1,126,954</u>	<u>1,133,978</u>
Net Position, End of Year	<u>\$ 1,111,039</u>	<u>\$ 1,126,954</u>

**University of Missouri**  
**KBIA-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2014 and 2013**

---

**Fiscal Year 2014 Compared to Fiscal Year 2013**

Total **Operating Revenues** for fiscal year 2014 decreased \$44,199 from fiscal year 2013. 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 2014 increased \$9,022 or 2%. **Underwriting Income** for fiscal year 2014 decreased 27% or \$76,758 from fiscal year 2013. During fiscal year 2014, **Community Service Grants from Corporation for Public Broadcasting** decreased \$55,043 from fiscal year 2013.

Total **Non-operating Revenues** for fiscal year 2014 increased by \$124,040 from fiscal year 2013. 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** increased 19% in fiscal year 2014 to \$361,051 from \$303,621 in fiscal year 2013 due to a one-time purchase of equipment and costs associated with temporarily moving out of the building that houses KBIA as requested by the campus to accommodate building renovations. **Donated facilities and administrative support from the University of Missouri** increased \$35,737 or 36% in fiscal year 2014 from fiscal year 2013, due primarily to a change in Institutional Support expenditures. In fiscal year 2014, **Investment Income** increased \$30,873 from fiscal year 2013 due primarily to net realized and unrealized gains in the University's pooled investments.

Total **Operating Expenses** increased \$88,732 to \$1,625,329 in fiscal year 2014 compared to \$1,536,597 in the previous year due primarily to expense of temporarily moving out of the building that houses KBIA as requested by the campus to accommodate building renovations. **Program services** represented 62% and 58% of total operating expenses for fiscal years 2014 and 2013, respectively. **Support services** represented 36% and 40% of total operating expenses for fiscal years 2014 and 2013, respectively.

**ECONOMIC OUTLOOK**

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

- **Corporation for Public Broadcasting:** The federal government's fiscal year 2013 appropriation for CPB was \$460 million, and decreased \$15 million for fiscal year 2014. The appropriation for 2014 is \$445 million. CPB had requested a \$451 million advance appropriation for fiscal year 2014, a 9% increase over the fiscal year 2013 funding. Stations have been faced with flat CPB funding for the better part of the past decade, which is actually a decline when inflation is considered. The impact of this lack of even an inflationary increase has been magnified by the economic conditions of the last few years. CPB funding source should remain stable during fiscal year 2014. Because of the current economic and/or political climate, all federal funding appropriations are being reviewed, requiring CPB to prepare funding justifications. CPB funding beyond 2014 is not guaranteed at this time.
- **Underwriting support:** The Station has worked for a number of years to increase private business funding and will continue working toward an annual increase in underwriting revenue.
- **Special event funding:** The Station does not rely on special event funding, but if a situation presents itself, the Station evaluates whether the event is to the Station's advantage.
- **Support from University of Missouri:** The reallocation of general operating funds will impact the Station. Starting in fiscal year 2015, the University will reduce the base general funds in all areas of campus by 2% over the next four years.

*University of Missouri*  
**KBIA-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2014 and 2013**

---

- Investment income: The Station's investments are directed by the University. Investment income is dependent on market viability, and current market conditions are turbulent.
- Private donations: The Station relies on certain significant revenue streams, including private gifts, for operations.

## 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, 2014 and 2013, 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 opinions.

### 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, 2014 and 2013, 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, 2014 and 2013, 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.



## **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 1-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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, 2014, 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*

December 5, 2014  
St. Louis, Missouri

Certified Public Accountants

**University of Missouri**  
**KBIA-FM RADIO**

**STATEMENTS OF NET POSITION**

**As of June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 253,451	\$ 248,859
Short-Term Investments	2,271	3,974
Accounts Receivable, Net	19,780	50,223
Pledges Receivable	97,977	76,440
Prepaid Expense	8,842	41,721
<b>Total Current Assets</b>	<b>382,321</b>	<b>421,217</b>
<b>Noncurrent Assets:</b>		
Long-Term Investments	834,988	772,393
Capital Assets, Depreciable, Net	196,284	199,325
<b>Total Noncurrent Assets</b>	<b>1,031,272</b>	<b>971,718</b>
<b>Total Assets</b>	<b>\$ 1,413,593</b>	<b>\$ 1,392,935</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Other Accrued Expenses	\$ 58,967	\$ 46,448
Accrued Vacation	42,354	49,565
Unexpended Grants	183,718	149,200
Unearned Revenue	300	2,750
<b>Total Current Liabilities</b>	<b>285,339</b>	<b>247,963</b>
<b>Noncurrent Liabilities:</b>		
Accrued Vacation	17,215	18,018
<b>Total Noncurrent Liabilities</b>	<b>17,215</b>	<b>18,018</b>
<b>Total Liabilities</b>	<b>302,554</b>	<b>265,981</b>
<b>Net Position:</b>		
Invested in Capital Assets	196,284	199,325
Unrestricted		
Other	59,901	132,297
Board Designated	854,854	795,332
<b>Total Net Position</b>	<b>1,111,039</b>	<b>1,126,954</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,413,593</b>	<b>\$ 1,392,935</b>

*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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Operating Revenues:</b>		
Membership Contributions and Contributed Support	\$ 521,516	\$ 512,494
Community Service Grants from Corporation for Public Broadcasting	187,021	242,064
Underwriting Income	206,974	283,732
Other Grants	67,422	-
Other	15,140	3,982
<b>Total Operating Revenues</b>	<b>998,073</b>	<b>1,042,272</b>
<b>Operating Expenses:</b>		
Program Services -		
Broadcasting	148,910	124,595
Promotions	14,926	29,500
Programming and Production	836,151	733,132
<b>Total Program Services</b>	<b>999,987</b>	<b>887,227</b>
Supporting Services -		
Management and General	347,976	328,031
Depreciation Expense	39,284	39,318
Fundraising and Membership Development	238,082	282,021
<b>Total Supporting Services</b>	<b>625,342</b>	<b>649,370</b>
<b>Total Operating Expenses</b>	<b>1,625,329</b>	<b>1,536,597</b>
<b>Operating Loss Before Non-operating Revenues</b>	<b>(627,256)</b>	<b>(494,325)</b>
<b>Nonoperating Revenues:</b>		
Support from the University of Missouri	361,051	303,621
Donated Facilities and Administrative Support from the University of Missouri	133,866	98,129
Investment Income	116,424	85,551
<b>Total Non-operating Revenues</b>	<b>611,341</b>	<b>487,301</b>
<b>Decrease in Net Position</b>	<b>(15,915)</b>	<b>(7,024)</b>
<b>Net Position, Beginning of Year</b>	<b>1,126,954</b>	<b>1,133,978</b>
<b>Net Position, End of Year</b>	<b>\$ 1,111,039</b>	<b>\$ 1,126,954</b>

*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, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities:</b>		
Membership Contributions and Contributed Support	\$ 499,979	\$ 498,275
Corporation for Public Broadcasting and Other Grants	304,101	215,953
Underwriting Income	234,967	281,036
Payments to Suppliers and Employees	(1,414,795)	(1,380,235)
<b>Net Cash Used in Operating Activities</b>	<b>(375,748)</b>	<b>(384,971)</b>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Payments and Contributions from University of Missouri	361,051	303,621
Purchase of Capital Assets	(36,243)	-
<b>Net Cash Provided by Non-capital Financing Activities</b>	<b>324,808</b>	<b>303,621</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments, Net	(60,892)	(77,862)
Investment Income	116,424	85,551
<b>Net Cash Provided by Investing Activities</b>	<b>55,532</b>	<b>7,689</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>4,592</b>	<b>(73,661)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>248,859</b>	<b>322,520</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 253,451</b>	<b>\$ 248,859</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>		
Operating Loss	\$ (627,256)	\$ (494,325)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities -		
Depreciation Expense	39,284	39,318
Donated Facilities and Administrative Support	133,866	98,129
Changes in Assets and Liabilities:		
Accounts Receivable, Net	30,443	(3,397)
Pledges Receivable	(21,537)	(14,219)
Prepaid Expense	32,879	(3,642)
Accounts Payable and Other Accrued Expenses	12,519	14,959
Accrued Vacation	(8,014)	7,598
Unexpended Grants and Unearned Revenue	32,068	(29,392)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (375,748)</b>	<b>\$ (384,971)</b>
Noncash Activity - Administrative Support from the University of Missouri	\$ 133,866	\$ 98,129

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

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

**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 no 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 revenues 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 2014 and 2013 and pooled investment accounts for fiscal years 2014 and 2013. For fiscal years 2014 and 2013 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 2014, cash and cash equivalents consist of funds held by the University on behalf of the Station.

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. An allowance of \$0 and \$9,620 as of June 30, 2014 and 2013, respectively, has been made for uncollectible accounts receivable based upon management’s expectations regarding the collectability of the accounts and the Station’s historical collection experience.

**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

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 as management has determined no write offs are expected for pledges receivable.

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, 2014 and 2013, 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.

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.

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 basic financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic 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 2014, the University adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which intends to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reports. In adopting this standard and to comply with this naming convention, the Station changed “Deferred Revenue” to “Unearned Revenue” in the current liabilities section of the Statement of Net Position.

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

Effective for fiscal year 2014, the University adopted GASB Statement No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25, which intends to improve financial reporting by state and local governmental pension plans. Effective for fiscal year 2014, the Station adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27, which enhances accounting and financial reporting by state and local governments for pensions and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Adoption of these standards had no effect on the Station's financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 66, Technical Corrections - 2012 which intends to improve financial reporting by resolving conflicting guidance that resulted from issuance of two pronouncements, Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions and Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Adoption of GASB Statement No. 66 had no effect on the Station's financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees which intends to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Adoption of GASB Statement No. 70 had no effect on the Station's financial statements.

In January 2013, GASB issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations effective for financial statements for periods beginning after December 15, 2013, which intends to improve financial reporting by establishing standards for reporting government combinations and disposals of government operations. The Station has not yet determined the effect that adoption of GASB Statement No. 69 will have on its 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, 2014 and 2013, 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. The policies are established to ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statutes 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 endowment pool, managed by the University, averaged a total return of 16.7% and 12.6%, including unrealized gains and losses, for the years ended June 30, 2014 and 2013, respectively.

**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

At June 30, 2014 and 2013, the Station held the following types of investments:

	Carrying Value as of June 30, 2014	Carrying Value as of June 30, 2013
Debt Securities	\$ 151,222	\$ 151,292
Corporate Stocks	519,884	491,341
Cash and Cash Equivalents held by the University	235,857	229,894
Real Estate	38,932	39,888
Absolute Return	101,580	93,846
Money Market Funds	14,475	15,732
Risk Parity	25,641	-
Other Cash Equivalents	3,119	3,233
	<hr/>	<hr/>
Total Investments and Cash and Cash Equivalents	<u>\$ 1,090,710</u>	<u>\$ 1,025,226</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect their 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 \$110,000,000 and \$4,000,000 and fair values of (\$119,916,000) and (\$4,553,000) were in place at June 30, 2014 for the University and Pension Trust Funds, respectively. The forward settling MBS instruments expose the University to interest rate risk of mortgage back securities.



**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

At June 30, 2014 and 2013, the Station's portion of the University's debt securities matures as follows:

	As of June 30, 2014					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Fair Value
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Obligations	-	-	-	19,753	-	19,753
Commingled Debt Securities	-	-	-	-	83,718	83,718
Asset-Backed Securities	-	(630)	-	-	-	(630)
Foreign Government Obligations	-	-	15,324	-	-	15,324
U.S. Corporate Bonds & Notes	-	-	25,387	-	-	25,387
Foreign Corporate Bonds & Notes	-	-	7,670	-	-	7,670
<b>Total</b>	<b>\$ -</b>	<b>\$ (630)</b>	<b>\$ 48,381</b>	<b>\$ 19,753</b>	<b>\$ 83,718</b>	<b>\$ 151,222</b>
	As of June 30, 2013					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Fair Value
U.S. Agency Obligations	\$ -	\$ -	\$ 273	\$ -	\$ -	\$ 273
U.S. Treasury Obligations	-	-	-	4,525	-	4,525
Commingled Debt Securities	-	-	-	-	83,791	83,791
Asset-Backed Securities	-	6,272	-	-	-	6,272
Foreign Government Obligations	-	-	18,810	-	-	18,810
U.S. Corporate Bonds & Notes	-	-	19,141	-	-	19,141
Foreign Corporate Bonds & Notes	-	-	18,480	-	-	18,480
<b>Total</b>	<b>\$ -</b>	<b>\$ 6,272</b>	<b>\$ 56,704</b>	<b>\$ 4,525</b>	<b>\$ 83,791</b>	<b>\$ 151,292</b>

**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, 2014 and 2013, respectively. All holdings of money market funds were rated AAA at June 30, 2014 and 2013, respectively.

**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

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, 2014 and 2013, is as follows:

	As of June 30, 2014						Total
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Obligations	19,753	-	-	-	-	-	19,753
Mortgage-Backed Securities	-	-	-	-	-	-	-
Guaranteed by U.S. Agencies	-	(9,407)	-	-	-	-	(9,407)
Debt Securities in Commingled Funds	-	-	-	-	-	83,718	83,718
Aaa/AAA	-	53	1,902	780	1,466	-	4,201
Aa/AA	-	712	1,240	71	336	-	2,359
A/A	-	75	1,547	948	709	-	3,279
Baa/BBB	-	144	6,401	2,350	574	-	9,469
Less than Baa/BBB	-	7,589	505	19,698	2,585	-	30,377
Unrated	-	204	3,729	1,540	2,000	-	7,473
Total	\$ 19,753	\$ (630)	\$ 15,324	\$ 25,387	\$ 7,670	\$ 83,718	\$ 151,222

  

	As of June 30, 2013						Total
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	
U.S. Agency Obligations	\$ -	\$ 273	\$ -	\$ -	\$ -	\$ -	\$ 273
U.S. Treasury Obligations	4,525	-	-	-	-	-	4,525
Mortgage-Backed Securities	-	-	-	-	-	-	-
Guaranteed by U.S. Agencies	-	3,511	-	-	-	-	3,511
Debt Securities in Commingled Funds	-	-	-	-	-	83,791	83,791
Aaa/AAA	-	78	4,228	750	6,370	-	11,426
Aa/AA	-	1,097	4,174	92	3,524	-	8,887
A/A	-	127	4,942	444	3,127	-	8,640
Baa/BBB	-	167	369	1,053	1,783	-	3,372
Less than Baa/BBB	-	890	-	15,331	2,470	-	18,691
Unrated	-	402	5,097	1,471	1,206	-	8,176
Total	\$ 4,525	\$ 6,545	\$ 18,810	\$ 19,141	\$ 18,480	\$ 83,791	\$ 151,292

**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 investments are insured or registered and are held by the University 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, 2014 and 2013, 28.9% and 33.8% respectively, of the Station's total investments and cash and cash equivalents were denominated in foreign currencies.

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

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	2014 Total	2013 Total
Euro	\$ 7,080	\$ 3,497	\$ 259	\$ 10,836	\$ 14,798
Japanese Yen	72	7,331	55	7,458	12,029
British Pound Sterling	2,128	8,636	45	10,809	18,190
Australian Dollar	862	1,952	69	2,883	4,171
Canadian Dollar	319	826	5	1,150	2,570
Swiss Franc	-	6,811	-	6,811	7,861
Hong Kong Dollar	-	4,661	-	4,661	4,459
Swedish Krona	-	2,775	-	2,775	2,894
Mexican New Peso	880	-	132	1,012	1,477
Danish Krone	281	-	1	282	616
New Zealand Dollar	498	-	-	498	1,427
Brazil Real	3,359	-	3	3,362	2,190
Israel Shekel	-	-	-	-	524
Polish Zloty	185	-	-	185	-
Other	50,734	211,610	52	262,396	273,407
Total	<u>\$ 66,398</u>	<u>\$ 248,099</u>	<u>\$ 621</u>	<u>\$ 315,118</u>	<u>\$ 346,613</u>

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issuer 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. CHANGES IN UNEXPENDED GRANTS**

The balance of unexpended grants at June 30, 2014 and 2013, consists of unexpended grant awards from the Corporation for Public Broadcasting.

	Unexpended Grants	
	2014	2013
Balance, Beginning of Year	\$ 149,200	\$ 179,293
Grants	303,985	213,966
Deductions, Amount Expended	<u>(269,467)</u>	<u>(244,059)</u>
Balance, End of Year	<u>\$ 183,718</u>	<u>\$ 149,200</u>

**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

**5. CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2014 and 2013, is as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Capital Assets, Depreciable:				
Transmission, Antenna and Tower	\$ 639,058	\$ -	\$ -	\$ 639,058
Studio and Other Broadcast Equipment	281,944	-	-	281,944
Equipment in Process	-	36,243	-	36,243
Total Capital Assets, Depreciable	921,002	36,243	-	957,245
Accumulated Depreciation:				
Transmission, Antenna and Tower	369,657	-	-	369,657
Studio and Other Broadcast Equipment	352,020	39,284	-	391,304
Total Accumulated Depreciation	721,677	39,284	-	760,961
Total Capital Assets, Depreciable, Net	\$ 199,325	\$ (3,041)	\$ -	\$ 196,284
	Beginning Balance	Additions	Transfers	Ending Balance
Capital Assets, Depreciable:				
Transmission, Antenna and Tower	\$ 639,058	\$ -	\$ -	\$ 639,058
Studio and Other Broadcast Equipment	281,944	-	-	281,944
Total Capital Assets, Depreciable	921,002	-	-	921,002
Accumulated Depreciation:				
Transmission, Antenna and Tower	369,657	-	-	369,657
Studio and Other Broadcast Equipment	312,702	39,318	-	352,020
Total Accumulated Depreciation	682,359	39,318	-	721,677
Total Capital Assets, Depreciable, Net	\$ 238,643	\$ (39,318)	\$ -	\$ 199,325

**University of Missouri**  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

**6. OPERATING LEASE OBLIGATIONS**

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

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 6,241
2016	\$ 6,270
2017	\$ 6,270
2018	\$ 6,270
2019 and thereafter	\$ 7,838
Total Future Minimum Payments	<u>\$ 32,889</u>

Total lease payments for the years ended June 30, 2014 and 2013, were \$6,152 and \$6,152, respectively.

**7. 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, 2014 and 2013, the balance of the quasi-endowment was \$854,854 and \$795,332, respectively.

**8. RISK MANAGEMENT**

The Station is a part of the University's overall risk management program, for which it is charged an annual premium by 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.

**9. RETIREMENT PLAN**

Plan Description – All qualified employees of the Station participate in the University of Missouri Retirement, Disability, and Death Benefits Plan (the "Plan"), a single-employer defined benefit plan.

All full-time employees of the University are eligible for benefits after five years of service. The annual lifetime pension of a member is calculated by multiplying the number of years of service by 2.2% of the compensation base for employees hired before October 1, 2012 or 1.0% for employees hired after September 30, 2012. The compensation base is the average regular annual salary of the member for the five consecutive highest salary years. Benefits to pensioners may be increased at certain times by the University's Board of Curators. Early retirement benefits are available at reduced rates to members age 55 to 60 with at least ten years of credited service and members age 60 to 65 with at least five years of credited service.

Contributions – The University's contributions to the Plan are equal to the actuarially determined rates, which is a percent of payroll, which averaged 10.8% and 8.9% for the years ended June 30, 2014 and 2013, 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.

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

Additional Information – Historical trend information and funding status information is designed to provide information about the Plan’s progress made in accumulating sufficient assets to pay benefits and disclose “actuarial accrued liability” and the funding excess or unfunded liability. This information is presented in the University’s annual report, which can be obtained at the University of Missouri, 1000 W. Nifong, Buliding 7, Ste. 300, Columbia, Missouri 65211.

**10. OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 9, 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 2014 and 2013, the University contributed 41.8% and 37.6%, respectively, of the actuarially determined annual required contribution. The fiscal years 2014 and 2013 annual required contribution represented 5.4% and 4.9%, 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, 1000 W. Nifong, Buliding 7, Ste. 300, Columbia, Missouri 65211.

***University of Missouri***  
**KBIA-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2014**

---

Summary of Non-Federal Financial Support

1. Direct Revenue	\$ 1,174,901
2. Indirect Administrative Support	133,866
3. In-Kind Contributions:	
a. Services and Other Assets	-
b. Property and Equipment	-
Total In-Kind Contributions	<u>-</u>
4. Total Non-Federal Financial Support	<u>\$ 1,308,767</u>

*See Accompanying Independent Auditors' Report.*