



*University of Missouri  
KCUR-FM Radio*

*Financial Statements as of and for the Years Ended  
June 30, 2020 and 2019, Supplemental Schedule for  
the Year Ended June 30, 2020, and Independent  
Auditors' Report*



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**University of Missouri**  
**KCUR-FM RADIO**

**MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2020 and June 30, 2019**

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This management's discussion and analysis (MD&A) of *KCUR-89.3 FM Radio* (the Station or KCUR) provides an overview of the Station's financial performance for the fiscal years ended June 30, 2020 and 2019. Please read it in conjunction with the audited financial statements for the period and the Annual Financial Report (AFR) to the Corporation for Public Broadcasting (CPB).

**OVERVIEW OF THE OPERATIONS**

The Station is a department of the Kansas City campus of the University of Missouri (the University) and operates under an FCC license issued to the Curators of the University of Missouri. An additional FCC license was purchased by the Station during the year ended December 31, 2020, for the purposes of creating a classical music Station, operating as KWJC 91.9 FM Classical KC. The University provides on-going, line item funding, as well as, indirect institutional support (e.g., studio and office space, custodial services, and human resources 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 Internal Revenue Service (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.

**KCUR 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 full understanding of 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 audited financial statements and reports to CPB are available on KCUR's website [www.kcur.org](http://www.kcur.org) and for public inspection during business hours in the Station located at 4825 Troost, Suite 202, Kansas City, Missouri.

**UNFUNDED PENSION AND OTHER POSTEMPLOYMENT BENEFITS LIABILITIES**

Starting in FY 2015, KCUR was required to accrue for and add disclosures related to unfunded pension liability. This was done to implement Statements #67 and #68 issued by the GASB. For CPB filing purposes, all adjustments related to unfunded pension liability are eliminated from the Station's financial information. For more information on pension related liabilities see Note 12 to the financial statements.

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KCUR has been contributing to the retirement plan for all of its employees in accordance with the direction of the University. KCUR will continue to make contributions. Any increased contributions will be current expenses of any future year and will be funded by KCUR in the same year. The obligation of the unfunded pension liability will be paid by the University and any payments by the University are included in the indirect institutional support of the Station on the Statements of Revenue, Expenses, and Changes in Net Position.

Similar to unfunded pension liability noted above, in the financial statements starting in FY2018, KCUR implemented GASB Statement #75. KCUR has been contributing to the benefit plans for all of its employees in accordance with the direction of the University. For CPB filing purposes, all adjustments related to other postemployment benefits (OPEB) are eliminated from the Station's financial information. For more information on other postemployment benefit related liabilities see Note 13 to the financial statements.

KCUR will continue to make contributions. Any increased contributions will be current expenses of any future year and will be funded by KCUR in the same year. The obligation of the OPEB liability will be paid by the University and any payments by the University are included in the indirect institutional support of the Station on the Statements of Revenue, Expenses, and Changes in Net Position.

The following shows KCUR's fund balances before adjustments for unfunded pension and postemployment benefits liabilities.

|                                                                                             | Fiscal Year<br>2020 | Fiscal Year<br>2019 |
|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| Fund balances before adjustments for unfunded pension liability and postemployment benefits | \$ 4,918,259        | \$ 5,637,035        |
| Capital assets                                                                              | 1,643,475           | 55,553              |
| Net adjustments for unfunded pension and other postemployment benefits liabilities          | <u>(1,692,766)</u>  | <u>(1,423,968)</u>  |
| Total net position on the statements of net position                                        | <u>\$ 4,868,968</u> | <u>\$ 4,268,620</u> |

**STATEMENTS OF NET POSITION**

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

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**MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2020 and June 30, 2019**

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A summary of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2020 and 2019, is as follows:

|                                                                    | Fiscal Year<br><u>2020</u> | Fiscal Year<br><u>2019</u> |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Assets and Deferred Outflows of Resources</b>                   |                            |                            |
| Current Assets                                                     | \$ 3,334,098               | \$ 3,877,559               |
| Long-Term Investments                                              | 2,455,432                  | 2,532,270                  |
| Intangible Asset                                                   | 2,100,000                  | -                          |
| Capital Assets, Depreciable, Net                                   | <u>43,475</u>              | <u>55,553</u>              |
| Total Assets                                                       | <u>7,933,005</u>           | <u>6,465,382</u>           |
| Deferred Outflows of Resources                                     | <u>895,474</u>             | <u>497,280</u>             |
| Total Assets and Deferred Outflows of Resources                    | <u>\$ 8,828,479</u>        | <u>\$ 6,962,662</u>        |
| <b>Liabilities, Deferred Inflows of Resources and Net Position</b> |                            |                            |
| Current Liabilities                                                | \$ 1,245,786               | \$ 727,329                 |
| Noncurrent Liabilities                                             | <u>2,578,099</u>           | <u>1,913,813</u>           |
| Total Liabilities                                                  | <u>3,823,885</u>           | <u>2,641,142</u>           |
| Deferred Inflows of Resources                                      | <u>135,626</u>             | <u>52,900</u>              |
| Total Liabilities and Deferred Inflows of Resources                | <u>\$ 3,959,511</u>        | <u>\$ 2,694,042</u>        |
| <b>Net Position</b>                                                |                            |                            |
| Invested in Capital Assets                                         | \$ 1,643,475               | \$ 55,553                  |
| Unrestricted                                                       | 770,061                    | 1,060,798                  |
| Unrestricted Board Designated Quasi-Endowment                      | 1,702,375                  | 1,749,159                  |
| Restricted Expendable-                                             |                            |                            |
| Endowment                                                          | 753,057                    | 783,110                    |
| Other                                                              | <u>-</u>                   | <u>620,000</u>             |
| Total Net Position                                                 | <u>4,868,968</u>           | <u>4,268,620</u>           |
| Total Liabilities, Deferred Inflows of Resources and Net Position  | <u>\$ 8,828,479</u>        | <u>\$ 6,962,662</u>        |

**Fiscal Year 2020 Compared to Fiscal Year 2019**

**Total assets and deferred outflows of resources** increased by \$1,865,817 or 26.8%, to \$8,828,479 largely due to 1) Timing of cash received from donors for purchase of FCC license and start-up of Classical KC. 2) Purchase of the FCC license intangible asset, \$2,100,000. 3) Increase in deferred outflows, such amounts based upon complex calculations for Pension and OPEB Liabilities.

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**As of and for the Years Ended June 30, 2020 and June 30, 2019**

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**Total liabilities and deferred inflows of resources** increased \$1,265,469, from the prior year, due to 1) Timing of cash payments for purchase of FCC license. 2) Net increase in Pension Liability, OPEB Liability, and deferred inflows, such amounts based upon complex calculations.

**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 revenues and expenses between operating and non-operating categories, and provide a view of the Station's operating margin for the years ended June 30, 2020 and 2019.

|                                                                                  | Fiscal Year<br><u>2020</u> | Fiscal Year<br><u>2019</u> |
|----------------------------------------------------------------------------------|----------------------------|----------------------------|
| Operating Revenues:                                                              |                            |                            |
| Membership Contributions and Contributed Support, Net                            | \$ 3,421,769               | \$ 3,128,237               |
| Contributed Support to Classical KC                                              | 1,080,495                  | 620,000                    |
| Grants from Corporation for Public Broadcasting                                  | 1,492,657                  | 723,551                    |
| Grants from State Government                                                     | 31,059                     | 39,044                     |
| Underwriting Income, Net                                                         | 1,331,793                  | 1,538,679                  |
| Grants from Foundations                                                          | 389,406                    | 482,806                    |
| Fundraising Event                                                                | 288,474                    | 496,652                    |
| Other Income                                                                     | <u>138,238</u>             | <u>115,812</u>             |
| Total Operating Revenues                                                         | <u>8,173,891</u>           | <u>7,144,781</u>           |
| Operating Expenses:                                                              |                            |                            |
| Program Services –                                                               |                            |                            |
| Broadcasting                                                                     | 321,289                    | 311,455                    |
| Programming and Production                                                       | 5,737,349                  | 5,592,067                  |
| Program Information                                                              | <u>24,859</u>              | <u>36,210</u>              |
| Total Program Services                                                           | <u>6,083,497</u>           | <u>5,939,732</u>           |
| Support Services –                                                               |                            |                            |
| Management and General                                                           | 534,156                    | 559,282                    |
| Depreciation Expense                                                             | 12,078                     | 12,076                     |
| Fund Raising and Membership Development                                          | <u>1,369,671</u>           | <u>1,555,695</u>           |
| Total Support Services                                                           | <u>1,915,905</u>           | <u>2,127,053</u>           |
| Total Operating Expenses                                                         | <u>7,999,402</u>           | <u>8,066,785</u>           |
| Operating Income (Loss) Before Non-Operating Revenues (Expenses)                 | <u>174,489</u>             | <u>(922,004)</u>           |
| Non-Operating Revenues (Expenses):                                               |                            |                            |
| Support from the University of Missouri                                          | 78,114                     | 104,083                    |
| Donated Facilities and Administrative Support<br>from the University of Missouri | 568,191                    | 1,528,882                  |
| Net Other Postemployment Benefits                                                | 26,569                     | 7,545                      |
| Net Pension                                                                      | (295,367)                  | (253,337)                  |
| Investment Income                                                                | <u>48,352</u>              | <u>153,642</u>             |
| Total Non-Operating Revenues (Expenses)                                          | <u>452,859</u>             | <u>1,540,815</u>           |
| Increase in Net Position                                                         | 600,348                    | 618,811                    |
| Net Position, Beginning of Year                                                  | <u>4,268,620</u>           | <u>3,649,809</u>           |
| Net Position, End of Year                                                        | <u><b>\$ 4,868,968</b></u> | <u><b>\$ 4,268,620</b></u> |

**MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2020 and June 30, 2019**

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**Fiscal Year 2020 Compared to Fiscal Year 2019**

Total **Operating Revenues** for fiscal year 2020 increased by \$1,029,110 to \$8,173,891. KCUR's operating revenues are generated from: 1) Audience-driven income in the form of memberships and donations; 2) Major gifts from individuals and private and community foundations; 3) Operating grants from the CPB, the Missouri Arts Council, and private foundations; 4) Underwriting of programs by organizations in all sectors in exchange for on-air recognition; and 5) Revenues from a major fundraising event, RadioActive. This was primarily due to the following:

- Membership & Support increased by \$293,532. Continued growth in membership, donations and major gifts are the result of ongoing strategies for focused engagement with audience and donors, events and marketing. Despite the economic impact of the pandemic March – June 2020, KCUR's donors continued their support.
- Private foundations and major donors gave \$1,080,495 to KCUR for the purchase of the license and start-up of a new station, Classical KC. In 2019, KCUR received \$620,000 for Classical KC.
- Total CPB grants increased \$769,106. In 2020, the CPB awarded a grant for a multi-station collaboration for the 2020 elections and community engagement with KCUR as the lead station and fiscal agent. KCUR recognized \$905,054 in revenue, with a portion being passed on to other stations for their work on the grant. Offsetting this increase: the annual Community Service Grant from the CPB was basically flat year-to-year; the grant for the Regional Journalism Center in Kansas stepped-down in amount; and two other CPB grants were completed.
- Private foundation grants decreased by \$93,499 due to the completion of several grants.
- Underwriting income decreased \$206,886 primarily due to the rapid impact of the pandemic on the economy, especially performing arts, museums and small businesses, many of which do underwriting with KCUR.
- RadioActive was reimagined as a virtual event, which was well-attended; however, revenue was down by \$208,178. This was offset by lower expenses, so that the net profit from the event was only \$42,000 less than in 2019.

Total **Non-Operating Revenues (Expenses)** for the fiscal year 2020 decreased by \$1,114,956 or 72.4% from fiscal year 2019. Certain significant revenue streams relied upon for operations are defined as non-exchange transactions by GASB Statement No. 35 and recorded as non-operating revenues.

Included are:

- Donated Facilities and Administrative (F&A) Support from the University decreased from 2019 to 2020 by \$960,691 or 62.8%. F&A support includes treasury and financial management and systems, human resources, risk management, general counsel, and building maintenance. The amount of Donated F&A Support is calculated using a set of definitions and formulas set by the CPB. For 2020, the CPB significantly changed the calculation, primarily to simplify how it is done by university-owned public media stations across the country. In prior years, the calculation captured KCUR's size relative to UMKC; the new method captures KCUR as a part of the University of Missouri System. The amount of Non-Operating Revenue is also allocated across the categories of Operating Expenses, resulting in no net effect on the Increase in Net Position. The decrease in F&A will be a factor in the amount of the CPB Community Service Grant for 2022.
- Net Pension (discussed above) is based upon complex calculations and fluctuations from year-to-year which are to be expected.
- Fluctuations in return on investments.

**MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2020 and June 30, 2019**

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Total **Operating Expenses** decreased by \$67,383 or 0.8% from 2019 to 2020. Decreases are due to:

- Donated Facilities and Administrative (F&A) Support from the University as described above in Non-Operating Revenues decreased \$960,691, and since it is allocated across all types of Operating Expenses, same decrease in expense.
- All types of Operating Expense before F&A increased by \$893,297. This increase is due to overall Station growth (increase in salaries and benefits, equipment, journalist outreach, etc.).
- Specifically, Programming and Production increased due to the CPB – Election 2020 grant described above in Operating Revenues. Due to grant accounting, all revenue from the grant was recognized as expense, either incurred directly by KCUR or paid to other stations for their work on the grant
- Fund Raising increased due to 1) Decrease in expenses related to major fundraising event, RadioActive as described in Operating Revenue above; offset by 2) Increase in membership-driven expenses such as credit card fees, member benefits, printing and postage. 3) Salary & benefits for new position, director of institutional giving.

**Total Program Services** are 76.0% of **Total Operating Expenses** in FY2020 compared to 73.6% in FY2019. **Total Support Services** are 24.0%, compared with 26.4% last year.

## **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 received a \$465 million advance appropriation for fiscal year 2022, and has requested \$515 million for 2023. Starting with 2020, CPB Board of Directors is implementing a new way to allocate appropriations among stations in light of the significant changes in the media landscape over the last decade. KCUR is a relatively large station for being in a mid-market metropolitan area. KCUR expects that our Community Service Grant will decrease by as much as \$50,000 annually over the next two years. We expect that any additional Congressional appropriation will be used by CPB to update the public radio and television interconnection systems, and to provide funding incentives to stations and groups of stations to be innovative and to grow. KCUR looks forward to being competitive in seeking incentive funding. KCUR appreciates the funding provided by CPB, because it is a significant percentage of revenues.
- The ongoing impact of COVID-19 pandemic and related economic crisis remains uncertain. Through February 2020, KCUR was fully operational with an encouraging budget outlook. Once the pandemic hit and the state of emergency was declared, KCUR had to quickly layout scenarios and take action. As a result, underwriting revenue declined, and KCUR slowed down hiring and travel so that expenses went down. KCUR still had a net profit for FY2020. Throughout the pandemic, KCUR has maintained full operations, with most employees teleworking. The extent and impact of COVID-19 on the Station's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Station's sponsors, employees, and vendors, all of which are uncertain and cannot be predicted.
- 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 KCUR-FM Radio* (the Station), as of and for the years ended June 30, 2020 and 2019, 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 audit. We conducted our audit 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.

### **Opinions**

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, 2020 and 2019, 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, 2020 and 2019, 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.

## **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 1-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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, 2020, 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. Such information has been subjected to the auditing procedures applied in the audit 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.

January 13, 2021  
St. Louis, Missouri

*Muller Prott LC*

Certified Public Accountants

*University of Missouri*  
**KCUR-FM RADIO**

**STATEMENTS OF NET POSITION**  
**As of June 30, 2020 and 2019**

|                                                                          | <u>2020</u>                | <u>2019</u>                |
|--------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                         |                            |                            |
| <b>Current Assets:</b>                                                   |                            |                            |
| Cash and Cash Equivalents                                                | \$ 464,224                 | \$ 612,256                 |
| Short-Term Investments                                                   | 1,191,408                  | 1,898,631                  |
| Accounts Receivable, Net                                                 | 500,125                    | 471,353                    |
| Pledges Receivable, Net                                                  | 1,001,945                  | 741,638                    |
| Prepaid Expense                                                          | 176,396                    | 153,681                    |
| <b>Total Current Assets</b>                                              | <b><u>3,334,098</u></b>    | <b><u>3,877,559</u></b>    |
| <b>Noncurrent Assets:</b>                                                |                            |                            |
| Long-Term Investments                                                    | 2,455,432                  | 2,532,270                  |
| Intangible Asset                                                         | 2,100,000                  | -                          |
| Capital Assets, Depreciable, Net                                         | 43,475                     | 55,553                     |
| <b>Total Noncurrent Assets</b>                                           | <b><u>4,598,907</u></b>    | <b><u>2,587,823</u></b>    |
| <b>Deferred Outflows of Resources:</b>                                   |                            |                            |
| Deferred Outflows Related to Pensions                                    | 866,269                    | 462,401                    |
| Deferred Outflows Related to Other Postemployment Benefits               | 29,205                     | 34,879                     |
| <b>Total Deferred Outflows of Resources</b>                              | <b><u>895,474</u></b>      | <b><u>497,280</u></b>      |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b><u>\$ 8,828,479</u></b> | <b><u>\$ 6,962,662</u></b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>       |                            |                            |
| <b>Current Liabilities:</b>                                              |                            |                            |
| Accounts Payable and Other Accrued Expenses                              | \$ 94,339                  | \$ 137,318                 |
| Payable for Purchase of Intangible Asset                                 | 500,000                    | -                          |
| Accrued Vacation                                                         | 244,787                    | 234,477                    |
| Unearned Revenue                                                         | 213,640                    | 238,746                    |
| Unexpended Grants                                                        | 193,020                    | 116,788                    |
| <b>Total Current Liabilities</b>                                         | <b><u>1,245,786</u></b>    | <b><u>727,329</u></b>      |
| <b>Noncurrent Liabilities:</b>                                           |                            |                            |
| Accrued Vacation                                                         | 125,485                    | 45,465                     |
| Net Pension Liability                                                    | 2,044,297                  | 1,345,062                  |
| Net Other Postemployment Benefits Liability                              | 408,317                    | 523,286                    |
| <b>Total Noncurrent Liabilities</b>                                      | <b><u>2,578,099</u></b>    | <b><u>1,913,813</u></b>    |
| <b>Deferred Inflows of Resources:</b>                                    |                            |                            |
| Deferred Inflows Related to Other Postemployment Benefits                | 135,626                    | 52,900                     |
| <b>Total Deferred Inflows of Resources</b>                               | <b><u>135,626</u></b>      | <b><u>52,900</u></b>       |
| <b>Total Liabilities and Deferred Inflows of Resources</b>               | <b><u>3,959,511</u></b>    | <b><u>2,694,042</u></b>    |
| <b>Net Position:</b>                                                     |                            |                            |
| Invested in Capital Assets                                               | 1,643,475                  | 55,553                     |
| Restricted - Expendable                                                  |                            |                            |
| Endowment                                                                | 753,057                    | 783,110                    |
| Other                                                                    | -                          | 620,000                    |
| Unrestricted                                                             |                            |                            |
| Other                                                                    | 770,061                    | 1,060,798                  |
| Board Designated Quasi - Endowment                                       | 1,702,375                  | 1,749,159                  |
| <b>Total Net Position</b>                                                | <b><u>4,868,968</u></b>    | <b><u>4,268,620</u></b>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <b><u>\$ 8,828,479</u></b> | <b><u>\$ 6,962,662</u></b> |

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

**University of Missouri**  
**KCUR-FM RADIO**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For The Years Ended June 30, 2020 and 2019**

|                                                                           | <u>2020</u>                | <u>2019</u>                |
|---------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Operating Revenues:</b>                                                |                            |                            |
| Membership Contributions and Contributed Support, Net                     | \$ 3,421,769               | \$ 3,128,237               |
| Contributed Support to Classical KC                                       | 1,080,495                  | 620,000                    |
| Grants from Corporation for Public Broadcasting                           | 1,492,657                  | 723,551                    |
| Grants from State Government                                              | 31,059                     | 39,044                     |
| Underwriting Income, Net                                                  | 1,331,793                  | 1,538,679                  |
| Grants from Foundations                                                   | 389,406                    | 482,806                    |
| Fundraising Event                                                         | 288,474                    | 496,652                    |
| Other Income                                                              | 138,238                    | 115,812                    |
| <b>Total Operating Revenues</b>                                           | <b><u>8,173,891</u></b>    | <b><u>7,144,781</u></b>    |
| <b>Operating Expenses:</b>                                                |                            |                            |
| Program Services -                                                        |                            |                            |
| Broadcasting                                                              | 321,289                    | 311,455                    |
| Programming and Production                                                | 5,737,349                  | 5,592,067                  |
| Program Information                                                       | 24,859                     | 36,210                     |
| <b>Total Program Services</b>                                             | <b><u>6,083,497</u></b>    | <b><u>5,939,732</u></b>    |
| Support Services -                                                        |                            |                            |
| Management and General                                                    | 534,156                    | 559,282                    |
| Depreciation Expense                                                      | 12,078                     | 12,076                     |
| Fundraising and Membership Development                                    | 1,369,671                  | 1,555,695                  |
| <b>Total Support Services</b>                                             | <b><u>1,915,905</u></b>    | <b><u>2,127,053</u></b>    |
| <b>Total Operating Expenses</b>                                           | <b><u>7,999,402</u></b>    | <b><u>8,066,785</u></b>    |
| <b>Operating Income (Loss) Before Non-Operating Revenues (Expenses)</b>   | <b><u>174,489</u></b>      | <b><u>(922,004)</u></b>    |
| <b>Non-Operating Revenues (Expenses):</b>                                 |                            |                            |
| Support from the University of Missouri                                   | 78,114                     | 104,083                    |
| Donated Facilities and Administrative Support from University of Missouri | 568,191                    | 1,528,882                  |
| Net Other Postemployment Benefits                                         | 26,569                     | 7,545                      |
| Net Pension                                                               | (295,367)                  | (253,337)                  |
| Investment Income                                                         | 48,352                     | 153,642                    |
| <b>Total Non-Operating Revenues (Expenses)</b>                            | <b><u>425,859</u></b>      | <b><u>1,540,815</u></b>    |
| <b>Increase in Net Position</b>                                           | <b>600,348</b>             | <b>618,811</b>             |
| <b>Net Position, Beginning of Year</b>                                    | <b><u>4,268,620</u></b>    | <b><u>3,649,809</u></b>    |
| <b>Net Position, End of Year</b>                                          | <b><u>\$ 4,868,968</u></b> | <b><u>\$ 4,268,620</u></b> |

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

**University of Missouri**  
**KCUR-FM RADIO**

**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2020 and 2019**

|                                                                                                        | <b>2020</b>       | <b>2019</b>       |
|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities:</b>                                                           |                   |                   |
| Membership Contributions and Contributed Support, Net                                                  | \$ 3,161,462      | \$ 3,126,799      |
| Contributed Support to Classical KC                                                                    | 1,080,495         | 620,000           |
| Grants from Corporation for Public Broadcasting                                                        | 1,568,889         | 587,309           |
| Grants from State Government                                                                           | 31,059            | 39,044            |
| Grants from Foundations                                                                                | 389,406           | 482,806           |
| Fundraising Event                                                                                      | 288,474           | 496,652           |
| Underwriting Income, Net                                                                               | 1,277,915         | 1,198,989         |
| Payments to Suppliers and Employees                                                                    | (7,394,497)       | (6,466,928)       |
| Other Receipts                                                                                         | 138,238           | 115,812           |
| <b>Net Cash Provided by Operating Activities</b>                                                       | <b>541,441</b>    | <b>200,483</b>    |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                                               |                   |                   |
| Payments and Contributions from University of Missouri                                                 | 78,114            | 104,083           |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                                           | <b>78,114</b>     | <b>104,083</b>    |
| <b>Cash Flows from Investing Activities:</b>                                                           |                   |                   |
| Purchase of Intangible Asset                                                                           | (1,600,000)       | -                 |
| Purchase of Investments                                                                                | (15,422,265)      | (12,220,456)      |
| Sale of Investments                                                                                    | 16,206,326        | 11,823,912        |
| Investment Income                                                                                      | 48,352            | 153,642           |
| <b>Net Cash Used by Investing Activities</b>                                                           | <b>(767,587)</b>  | <b>(242,902)</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                            | <b>(148,032)</b>  | <b>61,664</b>     |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                                    | <b>612,256</b>    | <b>550,592</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>                                                          | <b>\$ 464,224</b> | <b>\$ 612,256</b> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>         |                   |                   |
| Operating Income (Loss)                                                                                | \$ 174,489        | \$ (922,004)      |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities - |                   |                   |
| Depreciation Expense                                                                                   | 12,078            | 12,076            |
| Donated Facilities and Administrative Support from the University                                      | 568,191           | 1,528,882         |
| Changes in Assets and Liabilities:                                                                     |                   |                   |
| Accounts Receivable, Net                                                                               | (28,772)          | (181,309)         |
| Pledges Receivable, Net                                                                                | (260,307)         | (1,438)           |
| Prepaid Expense                                                                                        | (22,715)          | (3,382)           |
| Accounts Payable and Other Accrued Expenses                                                            | (42,979)          | 3,743             |
| Accrued Vacation                                                                                       | 90,330            | 58,538            |
| Unexpended Grants and Unearned Revenue                                                                 | 51,126            | (294,623)         |
| <b>Net Cash Provided by Operating Activities</b>                                                       | <b>\$ 541,441</b> | <b>\$ 200,483</b> |
| <b>Non-cash Activity:</b>                                                                              |                   |                   |
| Donated Facilities and Administrative Support from the University                                      | \$ 568,191        | \$ 1,528,882      |
| Change in Other Post Employment Benefits Liability Expected to be Received by the University           | \$ 26,569         | \$ 7,545          |
| Change in Pension Liability Expected to be Received by the University                                  | \$ (295,367)      | \$ (253,337)      |
| Payable for Purchase of Intangible Asset                                                               | \$ 500,000        | \$ -              |

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

**University of Missouri**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2020 and 2019**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major policies followed by KCUR-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 Kansas City campus in Kansas City, Missouri. The Station operates with a power of 100,000 watts, reaching a potential audience of 2.02 million in an 80-mile radius. During the year ended June 30, 2020 the Station purchased an additional Federal Communications Commission (FCC) license to create a classical radio station, operating as KWJC. 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 Financial Accounting Standards Board (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, 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 2020 and 2019 and pooled investment accounts for fiscal years 2020 and 2019. For fiscal years 2020 and 2019, 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 2020 and 2019, 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.

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2020 and 2019**

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. An allowance of \$4,039 and \$5,990 as of June 30, 2020 and 2019, respectively, has been made for uncollectible accounts receivable based on management’s expectations regarding the collection of 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. An allowance of \$44,269 and \$31,235 as of June 30, 2020 and 2019, respectively, was made for uncollectible pledges based upon management’s expectations regarding the collection of the pledges and the Station’s historical collection experience.

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.

Intangible Asset – The Station’s intangible asset consists of an FCC license, which is an identifiable intangible asset, and is not amortized. The Station will evaluate the recoverability of the intangible asset whenever events or changes in circumstances indicate that it’s carrying amount may not be recoverable. There have been no impairment losses recorded during the years ended June 30, 2020 and 2019.

Unearned Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Position as of June 30, 2020 and 2019, 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 Benefits (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.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2020 and 2019**

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:** Intangible and capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.
- **Restricted - Expendable:** Net position is subject to externally imposed stipulations on the Stations’ use of the resources.
- **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. Included in underwriting revenue for the years ended June 30, 2020 and 2019, was \$15,604 and \$28,636 respectively, in underwriting revenue from the University.

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 pro rata amongst broadcasting, program and production, program information, management and general, and fundraising and membership development.

Use of Estimates – The preparation of financial statements, in conformity with generally accepted accounting principles IN THE United States of America (U.S. GAAP), 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 – The Station adopted GASB statement No. 84, *Fiduciary Activities*, for fiscal year 2020. GASB No. 84 intends to enhance consistency and comparability on how fiduciary activities are reported by providing additional guidance on what qualifies as a fiduciary activity. The adoption of this statement had no effect on the Station’s financial statements.

Effective Fiscal year 2020, the Station adopted paragraphs 11 and 13 of GASB Statement No. 92, *Omnibus*, which had effective dates that were due immediately upon issuance. Paragraph 11 allows for insurance recoveries for risk financing and insurance – related activities of public entity risk pools that are recoverable from reinsurers or excess insurers to be reported as a reduction of expense. The adoption of this statement had no effect on the Station’s financials. Paragraph 13, changes the term “derivative” to “derivative instruments” throughout GASB pronouncements. The station has made the same change in terminology within its statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2020 and 2019**

Effective for fiscal year 2019, the Station adopted 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 tangible capital assets. The adoption of this statement had no effect on the Station's financial statements.

Effective for fiscal year 2019, the Station adopted 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 adoption of this statement had no effect on the Station's 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 fully determined the effect of implementing GASB Statement No. 87 will have on its financial statements.

In June 2018, GASB issued GASB Statement No. 89, *Accounting for 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 of implementing GASB Statement No. 89 will have on its financial statements.

In August 2018, GASB issued GASB Statement No. 90, *Majority Equity Interests*, which modifies guidance for reporting a legally separate organization in which the government has a majority equity interest to be reported as either an investment or component unit. The Station will adopt this statement in fiscal year 2021 and has not fully determined the effect of implementing GASB Statement No. 90 will have on its financial statements.

In May 2019, GASB issued GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 91 will have on its financial statements.

In January 2020, GASB issued GASB No. 92, *Omnibus 2020*, which provides clarifying guidance for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The Station adopted paragraphs 11 and 13 in fiscal year 2020 and will adopt the rest of the statement in fiscal year 2022. The Station has not fully determined the impact of implementing GASB Statement No. 92 will have on its financial statements.

In March 2020, GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which removes LIBOR as a benchmark for interest rates. This statement is in response to the global reference rate reform that is expected to cause LIBOR to cease to exist. The Station will adopt this statement in fiscal year 2024 and has not fully determined the impact of implementing GASB Statement No. 93 will have on its financial statements.

In March 2020, GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which addresses issues with public-private and public-public (PPP) arrangements. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 93 will have on its financial statements.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides accounting and financial reporting guidance for subscription-based information technology arrangements. These arrangements would require the recognition of a right-to-use asset and corresponding subscription liability, which would be amortized as interest expense over the term of the arrangement. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 96 will have on its financial statements.

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In June 2020, GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which provides additional criteria for determining whether 457 plans without a governing board are component units. The Station will adopt this statement in fiscal year 2022 and has not fully determined the impact of implementing GASB Statement No. 97 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. All the station’s Cash deposits were fully insured or collateralized at June 30, 2020 and 2019, 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 Board). The policies ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statutes of Missouri and prudent investment practices. The University’s investment general pool contains short-term University funds, including but not limited to cash and reserves, operating funds, bond funds, and plant funds. Subject to various limitations contained within the corresponding investments policy, the University’s internally managed component of the General Pool may be invested in the following instruments: U.S. Government securities; U.S. Government Agency securities; U.S. Government guaranteed securities; money market funds; certificates of deposit; repurchase agreements; commercial paper; and other similar short-term investment instruments of like or better quality. The externally managed component of the General Pool is allowed to invest in the following asset sectors: fixed income, private debt, absolute return, and risk balanced strategies. The General Pool’s, managed by the University, total return, including unrealized gains and losses, was 0.2% and 3.3% for the years ended June 30, 2020 and 2019, respectively.

At June 30, 2020 and 2019, the Station held the following types of investments:

|                                                        | Carrying Value<br>As of<br><u>June 30, 2020</u> | Carrying Value<br>as of<br><u>June 30, 2019</u> |
|--------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Debt Securities                                        | \$ 1,405,810                                    | \$ 1,855,086                                    |
| Corporate Stocks                                       | 1,095,110                                       | 1,189,772                                       |
| Real Estate                                            | 205,127                                         | 206,409                                         |
| Risk Parity                                            | 384,181                                         | 710,044                                         |
| Money Market Funds                                     | 433,679                                         | 591,928                                         |
| Commercial Paper                                       | 556,612                                         | 469,590                                         |
| Other Cash Equivalents                                 | <u>30,545</u>                                   | <u>20,328</u>                                   |
| <br>Total Investments and Cash and<br>Cash Equivalents | <br><b><u>\$ 4,111,064</u></b>                  | <br><b><u>\$ 5,043,157</u></b>                  |

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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.

Concentration of Credit Risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. The investment policies for the General Pool, Endowment Funds, and Retirement Trust all specify diversification requirements across asset sectors. Investments issued or guaranteed by the U.S. government, as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

Credit Risk – Debt securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain Debt securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

Nationally recognized statistical rating organization such as Moody’s and Standard & Poor’s (S&P) assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors. Debt securities considered investment grade are those rated at least Baa by Moody’s and BBB by S&P. For General Pool investments, the following minimum credit ratings have been established to manage credit risk with minimum rating of A-1/P-1 for commercial paper and other short-term securities. For Endowment Funds and Retirement Trust investments, guidelines for respective investment managers allow for a blend of different credit ratings, subject to certain restrictions by asset sector. In all cases, disposition of securities whose ratings have been downgraded after purchase is generally left to the discretion of the investment manager after consideration of individual facts and circumstances. All holdings of money market funds were rated AAA at June 30, 2020 and 2019.

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, 2020 and 2019, is as follows:

|                                     | As of June 30, 2020             |                               |                                      |                           |                              |                                  |                     |
|-------------------------------------|---------------------------------|-------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------------------|---------------------|
|                                     | U.S.<br>Treasury<br>Obligations | U.S.<br>Agency<br>Obligations | Foreign<br>Government<br>Obligations | U.S.<br>Corporate<br>Debt | Foreign<br>Corporate<br>Debt | Commingled<br>Debt<br>Securities | Total               |
| U.S. Treasury Obligations           | \$ 588,537                      | \$ -                          | \$ -                                 | \$ -                      | \$ -                         | \$ -                             | \$ 588,537          |
| U.S. Agency Obligations             | -                               | 11                            | -                                    | -                         | -                            | -                                | 11                  |
| Mortgage-Backed Securities          |                                 |                               |                                      |                           |                              |                                  |                     |
| Guaranteed by U.S. Agencies         | -                               | 266,567                       | -                                    | -                         | -                            | -                                | 266,567             |
| Debt Securities in Commingled Funds | -                               | -                             | -                                    | -                         | -                            | 134,042                          | 134,042             |
| Aaa/AAA                             | -                               | 47,613                        | -                                    | -                         | -                            | -                                | 47,613              |
| Aa/AA                               | -                               | 13,076                        | 3,956                                | 61                        | 268                          | -                                | 17,361              |
| A/A                                 | -                               | 6,085                         | 12,855                               | 8,734                     | 13,312                       | -                                | 40,986              |
| Baa/BBB                             | -                               | 11,202                        | 1,586                                | 36,486                    | 47,675                       | -                                | 96,949              |
| Less than Baa/BBB                   | -                               | 98,969                        | 7,382                                | 32,257                    | 19,947                       | -                                | 158,555             |
| Unrated                             | -                               | 42,716                        | 1,787                                | 6,995                     | 3,691                        | -                                | 55,189              |
| <b>Total</b>                        | <b>\$ 588,537</b>               | <b>\$ 486,239</b>             | <b>\$ 27,566</b>                     | <b>\$ 84,533</b>          | <b>\$ 84,893</b>             | <b>\$ 134,042</b>                | <b>\$ 1,405,810</b> |

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|                                     | As of June 30, 2019       |                         |                                |                     |                        |                            | 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             | \$ 792,209                | \$ -                    | \$ -                           | \$ -                | \$ -                   | \$ -                       | \$ 792,209          |
| U.S. Agency Obligations             | -                         | 16                      | -                              | -                   | -                      | -                          | 16                  |
| Mortgage-Backed Securities          |                           |                         |                                |                     |                        |                            |                     |
| Guaranteed by U.S. Agencies         | -                         | 279,827                 | -                              | -                   | -                      | -                          | 279,827             |
| Debt Securities in Commingled Funds | -                         | -                       | -                              | -                   | -                      | 170,863                    | 170,863             |
| Aaa/AAA                             | -                         | 37,569                  | -                              | -                   | 1,334                  | -                          | 38,903              |
| Aa/AA                               | -                         | 24,764                  | 4,582                          | 1,431               | 1,680                  | -                          | 32,457              |
| A/A                                 | -                         | 34,837                  | 13,828                         | 14,772              | 18,584                 | -                          | 82,021              |
| Baa/BBB                             | -                         | 20,685                  | 407                            | 43,885              | 55,799                 | -                          | 120,776             |
| Less than Baa/BBB                   | -                         | 150,838                 | 10,485                         | 48,813              | 43,698                 | -                          | 253,834             |
| Unrated                             | -                         | 64,004                  | 7,074                          | 5,110               | 7,992                  | -                          | 84,180              |
| <b>Total</b>                        | <b>\$ 792,209</b>         | <b>\$ 612,540</b>       | <b>\$ 36,376</b>               | <b>\$ 114,011</b>   | <b>\$ 129,087</b>      | <b>\$ 170,863</b>          | <b>\$ 1,855,086</b> |

**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. Neither the University nor the Pension Trust Funds 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 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.

At June 30, 2020 and 2019, the Station’s portion of the University’s debt securities matures as follows:

|                                   | As of June 30, 2020 |                     |                  |                    |                   |                     |
|-----------------------------------|---------------------|---------------------|------------------|--------------------|-------------------|---------------------|
|                                   | Less than 1 Year    | 1-5 Years           | 6-10 Years       | More than 10 Years | No Maturity       | Carrying Value      |
| U.S. Treasury Obligations         | \$ -                | \$ 588,537          | \$ -             | \$ -               | \$ -              | \$ 588,537          |
| U.S. Agency Obligations           | 11                  | -                   | -                | -                  | -                 | 11                  |
| Commingled Debt Securities        | -                   | -                   | -                | -                  | 134,042           | 134,042             |
| Asset-Backed Securities           | -                   | 486,228             | -                | -                  | -                 | 486,228             |
| Foreign Government Obligations    | -                   | -                   | 27,566           | -                  | -                 | 27,566              |
| U.S. Corporate Bonds & Notes      | -                   | 84,533              | -                | -                  | -                 | 84,533              |
| Foreign Corporate Bonds and Notes | -                   | 84,893              | -                | -                  | -                 | 84,893              |
| <b>Total</b>                      | <b>\$ 11</b>        | <b>\$ 1,244,191</b> | <b>\$ 27,566</b> | <b>\$ -</b>        | <b>\$ 134,042</b> | <b>\$ 1,405,810</b> |

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|                                      | As of June 30, 2019 |                    |             |                       |                   |                    |
|--------------------------------------|---------------------|--------------------|-------------|-----------------------|-------------------|--------------------|
|                                      | Less than<br>1 Year | 1-5 Years          | 6-10 Years  | More than<br>10 Years | No<br>Maturity    | Carrying<br>Value  |
| U.S. Treasury Obligations            | \$ -                | \$ 792,209         | \$ -        | \$ -                  | \$ -              | \$ 792,209         |
| U.S. Agency Obligations              | -                   | 16                 | -           | -                     | -                 | 16                 |
| Commingled Debt Securities           | -                   | -                  | -           | -                     | 170,863           | 170,863            |
| Asset-Backed Securities              | -                   | 612,524            | -           | -                     | -                 | 612,524            |
| Foreign Government Obligations       | -                   | 36,376             | -           | -                     | -                 | 36,376             |
| U.S. Corporate Bonds & Notes         | -                   | 114,011            | -           | -                     | -                 | 114,011            |
| Foreign Corporate Bonds<br>and Notes | -                   | 129,087            | -           | -                     | -                 | 129,087            |
| <b>Total</b>                         | <b>\$ -</b>         | <b>\$1,684,223</b> | <b>\$ -</b> | <b>\$ -</b>           | <b>\$ 170,863</b> | <b>\$1,855,086</b> |

**Foreign Exchange Risk** – Foreign exchange risk is the risk that investment denominated in foreign currencies may lose value due to adverse fluctuation in the value of the U.S. dollar relative to foreign currencies. The University’s investment policy allows for exposure to non-U.S. dollar denominated equities and fixed income securities, which may be fully or partially hedged using forward foreign currency exchange contracts.

At June 30, 2020 and 2019, 10.8% and 13.1%, 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:

| Currency               | Foreign Currency Risk<br>International Investment Securities at Fair Value |                      |                         |                  |                   |
|------------------------|----------------------------------------------------------------------------|----------------------|-------------------------|------------------|-------------------|
|                        | Debt<br>Securities                                                         | Equity<br>Securities | Cash and<br>Equivalents | 2020<br>Total    | 2019<br>Total     |
| Euro                   | \$ 24,419                                                                  | \$ 13,051            | \$ (28,408)             | \$ 9,062         | \$ 45,603         |
| Japanese Yen           | 3,239                                                                      | 15,727               | 1,117                   | 20,083           | 14,170            |
| British Pound Sterling | 28,703                                                                     | 8,987                | (26,542)                | 11,148           | 55,042            |
| Australian Dollar      | -                                                                          | 1,950                | (2,305)                 | (355)            | 1,259             |
| Canada Dollar          | (846)                                                                      | 2,380                | (1,658)                 | (124)            | 2,122             |
| Danish Krone           | 5                                                                          | 1,433                | 22                      | 1,460            | 1,251             |
| Brazil Real            | -                                                                          | 1,197                | 863                     | 2,060            | 3,808             |
| Swiss Franc            | -                                                                          | 1,563                | 70                      | 1,633            | 2,939             |
| Hong Kong Dollar       | -                                                                          | 10,154               | -                       | 10,154           | 8,179             |
| Swedish Krona          | -                                                                          | 3,248                | 1                       | 3,249            | 2,804             |
| Mexican New Peso       | 14                                                                         | -                    | 2,968                   | 2,982            | 414               |
| Other                  | 6,075                                                                      | 358,706              | 17,424                  | 382,205          | 525,149           |
| <b>Total</b>           | <b>\$ 61,609</b>                                                           | <b>\$418,396</b>     | <b>\$(36,448)</b>       | <b>\$443,557</b> | <b>\$ 662,740</b> |

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**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, asset backed securities, and corporate debt securities that did not trade on the Station’s fiscal year end date.

At June 30, 2020 and 2019, the Station had the following recurring fair value measurements:

|                                                   | 2020                | Quoted Prices in<br>Active Markets<br>For Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | 2019                | Quoted Prices in<br>Active Markets<br>For Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---------------------------------------------------|---------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|---------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| Investments by Fair Value Level                   |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| Debt Securities                                   |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| U.S. Treasury                                     | \$ 588,537          | \$ 588,537                                                                 | \$ -                                                      | \$ -                                               | \$ 792,209          | \$ 792,209                                                                 | \$ -                                                      | \$ -                                               |
| U.S. Agency                                       | 11                  | -                                                                          | 11                                                        | -                                                  | 16                  | -                                                                          | 16                                                        | -                                                  |
| Asset Backed                                      | 486,228             | -                                                                          | 486,228                                                   | -                                                  | 612,524             | -                                                                          | 612,524                                                   | -                                                  |
| Government                                        | 27,566              | -                                                                          | 27,566                                                    | -                                                  | 36,376              | -                                                                          | 36,376                                                    | -                                                  |
| Corporate                                         | 169,426             | -                                                                          | 169,427                                                   | -                                                  | 243,098             | -                                                                          | 243,098                                                   | -                                                  |
| Equity Securities                                 |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| Domestic                                          | 74,525              | 74,525                                                                     | -                                                         | -                                                  | 66,882              | 66,882                                                                     | -                                                         | -                                                  |
| Foreign                                           | 125,384             | 125,384                                                                    | -                                                         | -                                                  | 85,372              | 85,372                                                                     | -                                                         | -                                                  |
| Investments Measured at the net asset value (NAV) |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| Comingled Funds:                                  |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| Absolute Return                                   | 556,612             | -                                                                          | -                                                         | -                                                  | 469,590             | -                                                                          | -                                                         | -                                                  |
| Risk Parity                                       | 384,181             | -                                                                          | -                                                         | -                                                  | 710,044             | -                                                                          | -                                                         | -                                                  |
| Debt Securities                                   | 134,042             | -                                                                          | -                                                         | -                                                  | 170,863             | -                                                                          | -                                                         | -                                                  |
| Equity Securities                                 | 386,972             | -                                                                          | -                                                         | -                                                  | 529,202             | -                                                                          | -                                                         | -                                                  |
| Real Estate                                       | 33,155              | -                                                                          | -                                                         | -                                                  | 34,129              | -                                                                          | -                                                         | -                                                  |
| Non-marketable Alternative Methods:               |                     |                                                                            |                                                           |                                                    |                     |                                                                            |                                                           |                                                    |
| Real Estate                                       | 171,972             | -                                                                          | -                                                         | -                                                  | 172,280             | -                                                                          | -                                                         | -                                                  |
| Private Equity                                    | 508,229             | -                                                                          | -                                                         | -                                                  | 508,316             | -                                                                          | -                                                         | -                                                  |
| <b>Total Investments by Fair Value Level</b>      | <b>\$ 3,646,840</b> | <b>\$ 788,446</b>                                                          | <b>\$ 683,232</b>                                         | <b>\$ -</b>                                        | <b>\$ 4,430,901</b> | <b>\$ 944,463</b>                                                          | <b>\$ 892,014</b>                                         | <b>\$ -</b>                                        |

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The following table presents investments as of June 30, 2020, 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                                                      |
|------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|-----------------------------------------------------------------------|
| <b>Commingled Funds:</b>                 |            |                                                                                                                                                                                                                                                             |                      |              |                                                                       |
| Absolute Return                          | 556,612    | 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                              | 384,181    | 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 assets.                   | -                    | Open Ended   | Weekly, Monthly, and Quarterly redemption with 1-90 days notice       |
| Debt Securities                          | 134,042    | Global fixed income exposures focused primarily on high yield, emerging markets debt and other unconstrained / opportunistic strategies.                                                                                                                    | -                    | Open Ended   | Daily and Monthly redemption with 1-2 days notice                     |
| Equity Securities                        | 386,972    | 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                              | 33,155     | Core real estate holdings in open-ended fund.                                                                                                                                                                                                               | -                    | Open Ended   | Quarterly redemption with 1-30 days notice                            |
| <b>Non-marketable Alternative Funds:</b> |            |                                                                                                                                                                                                                                                             |                      |              |                                                                       |
| Real Estate                              | 171,972    | Diversified portfolio of longer-term private market funds focused on value-added and opportunistic real estate and/or real estate debt.                                                                                                                     | 92,335               | 10 -12 years | Not applicable - no redemption ability                                |
| Private Equity                           | 508,229    | Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies.                                                                                                | 175,815              | 8 -15 years  | Not applicable - no redemption ability                                |

**5. CHANGES IN UNEXPENDED GRANTS**

The balance of unexpended grants at June 30, 2020 and 2019, is as follows:

|                             | Fiscal Year              |                          |
|-----------------------------|--------------------------|--------------------------|
|                             | 2020                     | 2019                     |
| Balance, Beginning of Year  | \$ 116,788               | \$ 253,030               |
| Grants                      | 1,989,354                | 1,109,159                |
| Deductions, Amount Expended | (1,913,122)              | (1,245,401)              |
| Balance, End of Year        | <b><u>\$ 193,020</u></b> | <b><u>\$ 116,788</u></b> |

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6. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2020 and 2019, is summarized as follows:

| <u>2020</u>                          | Beginning<br>Balance    | Additions               | Retirements        | Ending<br>Balance       |
|--------------------------------------|-------------------------|-------------------------|--------------------|-------------------------|
| Capital Assets:                      |                         |                         |                    |                         |
| Building Improvements                | \$ 335,533              | \$ -                    | \$ -               | \$ 335,533              |
| Transmission, Antenna and Tower      | 248,665                 | -                       | -                  | 248,665                 |
| Studio and Other Broadcast Equipment | 99,296                  | -                       | -                  | 99,296                  |
| Furniture and Fixtures               | <u>58,970</u>           | <u>-</u>                | <u>-</u>           | <u>58,970</u>           |
| Total Capital Assets, Depreciable    | <u>742,464</u>          | <u>-</u>                | <u>-</u>           | <u>742,464</u>          |
| Accumulated Depreciation:            |                         |                         |                    |                         |
| Building Improvements                | 335,533                 | -                       | -                  | 335,533                 |
| Transmissions, Antenna and Tower     | 243,945                 | 1,574                   | -                  | 245,519                 |
| Studio and Other Broadcast Equipment | 59,654                  | 7,995                   | -                  | 67,649                  |
| Furniture and Fixtures               | <u>47,779</u>           | <u>2,509</u>            | <u>-</u>           | <u>50,288</u>           |
| Total Accumulated Depreciation       | <u>686,911</u>          | <u>12,078</u>           | <u>-</u>           | <u>698,989</u>          |
| Total Capital Assets, Net            | <b><u>\$ 55,553</u></b> | <b><u>\$ 12,078</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 43,475</u></b> |
| <u>2019</u>                          | Beginning<br>Balance    | Additions               | Retirements        | Ending<br>Balance       |
| Capital Assets, Depreciable:         |                         |                         |                    |                         |
| Building Improvements                | \$ 335,533              | \$ -                    | \$ -               | \$ 335,533              |
| Transmission, Antenna and Tower      | 248,665                 | -                       | -                  | 248,665                 |
| Studio and Other Broadcast Equipment | 99,296                  | -                       | -                  | 99,296                  |
| Furniture and Fixtures               | <u>58,970</u>           | <u>-</u>                | <u>-</u>           | <u>58,970</u>           |
| Total Capital Assets, Depreciable    | <u>742,464</u>          | <u>-</u>                | <u>-</u>           | <u>742,464</u>          |
| Accumulated Depreciation:            |                         |                         |                    |                         |
| Building Improvements                | 335,533                 | -                       | -                  | 335,533                 |
| Transmission, Antenna and Tower      | 242,371                 | 1,574                   | -                  | 243,945                 |
| Studio and Other Broadcast Equipment | 51,659                  | 7,995                   | -                  | 59,654                  |
| Furniture and Fixtures               | <u>45,272</u>           | <u>2,507</u>            | <u>-</u>           | <u>47,779</u>           |
| Total Accumulated Depreciation       | <u>674,835</u>          | <u>12,076</u>           | <u>-</u>           | <u>686,911</u>          |
| Total Capital Assets, Net            | <b><u>\$ 67,629</u></b> | <b><u>\$ 12,076</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 55,553</u></b> |

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7. OPERATING LEASE OBLIGATIONS

The Station leases an above-ground, multi-unit broadcast tower from Public Television 19, Inc. Annually, the initial base rent is adjusted for the Consumer Price Index – Kansas City, all Items published by the Bureau of Labor Statistics. Such adjustment is limited to 0% to 5% from the preceding period. The lease expires in August 2023.

The Station also leases a broadcast tower from Packet Layer Consulting, LLC for broadcasting the KWJC Classical Radio Station. The lease expires in June 2025.

The future minimum payments for both leases are as follows:

| <u>Fiscal Year</u>            | <u>Amount</u>            |
|-------------------------------|--------------------------|
| 2021                          | \$ 61,326                |
| 2022                          | 62,623                   |
| 2023                          | 63,952                   |
| 2024                          | 33,755                   |
| 2025                          | <u>28,363</u>            |
| Total Future Minimum Payments | <b><u>\$ 250,019</u></b> |

Total lease payments for the years ended June 30, 2020 and 2019, were \$34,200 and \$41,731 respectively.

8. BOARD-DESIGNATED QUASI-ENDOWMENT

The Station’s quasi-endowment was established on March 29, 2000, by the University of Missouri – Kansas City as the UMKC KCUR Unrestricted Endowment Fund to provide unrestricted support to the Station. As of June 30, 2020 and 2019, the balance of the quasi-endowment was \$1,702,375 and \$1,749,159, respectively.

9. RESTRICTED-EXPENDABLE ENDOWMENT

The Station’s restricted-expendable endowment consists of six donor-named endowments at June 30, 2020 and 2019. Distributions from the endowments shall be made at such times and in such amounts as are in accordance with the policy of The Curators of the University of Missouri.

The balance of the endowments at June 30 are as follows:

|                               | <u>2020</u>              | <u>2019</u>              |
|-------------------------------|--------------------------|--------------------------|
| Balance, Beginning of Year    | \$ 783,110               | \$ 779,143               |
| Gifts to Endowments           | 500                      | 500                      |
| Distributions from Endowments | (30,788)                 | (30,758)                 |
| Net Appreciation              | <u>235</u>               | <u>34,225</u>            |
| Balance, End of Year          | <b><u>\$ 753,057</u></b> | <b><u>\$ 783,110</u></b> |

10. RESTRICTED-EXPENDABLE OTHER

The Station’s restricted expendable-other consists of gifts from various donors that have been restricted for a specific purpose. During the years ended June 30, 2020 and 2019, the Station received cash donations of \$1,080,495 and \$620,000, respectively, restricted towards the acquisition of the non-commercial educational radio station, Classical KC. In fiscal year 2020, the FCC license for KWJC Classical Radio Station was purchased and the related restricted-expendable funds were expended.

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11. 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.

12. RETIREMENT, DISABILITY, AND DEATH BENEFIT 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.

|                              | <u>Retirement Plan Membership</u> |                      |
|------------------------------|-----------------------------------|----------------------|
|                              | <u>2020</u>                       | <u>2019</u>          |
| Active Vested Members        | 18,352                            | 18,102               |
| Inactive Vested members      | 5,046                             | 4,817                |
| Pensioners and Beneficiaries | <u>10,836</u>                     | <u>10,316</u>        |
| Total Members                | <u><b>34,234</b></u>              | <u><b>33,235</b></u> |

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.

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Plan Change in Fiscal Year 2020 – In April 2019, the University’s Board of Curators approved a new retirement plan for newly hired or rehired employees starting October 1, 2019. Employees starting on or after that date, will be enrolled in a defined contribution plan and the defined benefit plan of the University will be closed to new entrants. Rehires on or after October 1, 2019, will also be enrolled into the new defined contribution plan regardless of their vested status in the defined benefit plan. Vested defined benefit employees that are rehired on or after October 1, 2019, will no longer receive creditable service credit within the defined benefit plan.

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 11.4% and 11.2% of covered payroll for the years ending June 30, 2020 and 2019, respectively. The ADC for those employees hired after September 30, 2012 averaged 7.8% and 7.5% of covered payroll for the years ended June 30, 2020 and 2019, 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 \$118,234,000 and \$115,980,000 during the fiscal years ended June 30, 2020 and 2019, respectively.

Net Pension Liability – the Retirement Plan’s net pension liability was measured as of June 30, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019 and 2018, respectively. Roll-forward procedures were used to measure the Retirement Plan’s total pension liability as of June 30, 2020 and 2019.

The following table outlines the Station’s portion of the changes in net pension liability for the years ended June 30, 2020 and 2019:

|                                                               | <b>Total Pension<br/>Liability<br/>(TPL)<br/>(a)</b> | <b>Fiduciary Net<br/>Position<br/>(FNP)<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(NPL)<br/>(a) – (b)</b> |
|---------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|
| <b>Balances at July 1, 2019</b>                               | <b>\$ 5,885,090</b>                                  | <b>\$ 4,540,028</b>                                 | <b>\$ 1,345,062</b>                                      |
| Changes for the year:                                         |                                                      |                                                     |                                                          |
| Service cost                                                  | 156,786                                              | -                                                   | 156,786                                                  |
| Interest                                                      | 765,841                                              | -                                                   | 765,841                                                  |
| Differences between expected and actual experience            | 163,186                                              | -                                                   | 163,186                                                  |
| Contributions – employer                                      | -                                                    | 279,856                                             | (279,856)                                                |
| Contributions – employee                                      | -                                                    | 39,017                                              | (39,017)                                                 |
| Net investment income                                         | -                                                    | 67,705                                              | (67,705)                                                 |
| Benefit payments, including refunds of employee contributions | (629,593)                                            | (629,593)                                           | -                                                        |
| Net changes                                                   | 456,220                                              | (243,015)                                           | 699,235                                                  |
| <b>Balances at June 30, 2020</b>                              | <b>\$ 6,341,310</b>                                  | <b>\$ 4,297,013</b>                                 | <b>\$ 2,044,297</b>                                      |

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|                                                               | Total Pension<br>Liability<br>(TPL)<br>(a) | Fiduciary Net<br>Position<br>(FNP)<br>(b) | Net Pension<br>Liability<br>(NPL)<br>(a) – (b) |
|---------------------------------------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------------|
| <b>Balances at July 1, 2018</b>                               | <b>\$ 5,493,111</b>                        | <b>\$ 4,354,276</b>                       | <b>\$ 1,138,835</b>                            |
| Changes for the year:                                         |                                            |                                           |                                                |
| Service cost                                                  | 156,116                                    | -                                         | 156,116                                        |
| Interest                                                      | 777,343                                    | -                                         | 777,343                                        |
| Differences between expected and actual experience            | 57,250                                     | -                                         | 57,250                                         |
| Contributions – employer                                      | -                                          | 288,112                                   | (288,112)                                      |
| Contributions – employee                                      | -                                          | 39,719                                    | (39,719)                                       |
| Net investment income                                         | -                                          | 456,651                                   | (456,651)                                      |
| Benefit payments, including refunds of employee contributions | (598,730)                                  | (598,730)                                 | -                                              |
| Net changes                                                   | 391,979                                    | 185,752                                   | 206,227                                        |
| <b>Balances at June 30, 2019</b>                              | <b>\$ 5,885,090</b>                        | <b>\$ 4,540,028</b>                       | <b>\$ 1,345,062</b>                            |

Actuarial Methods and Assumptions – The October 1, 2019 and 2018, actuarial valuations utilized the entry age actuarial cost method.

Actuarial assumptions for October 1, 2019 and 2018, included:

|                                                                                |            |
|--------------------------------------------------------------------------------|------------|
| Inflation                                                                      | 2.20%      |
| Rate of Investment Return net of Administrative expenses (Including inflation) | 7.20%      |
| Projected salary increases (Including inflation)                               | 3.6 – 4.5% |
| Cost-of-living adjustments                                                     | 0%         |

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 24 and 25 years from the October 1, 2019 and 2018, 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, 2019 and 2018, valuation dates, respectively.

The actuarial assumptions used in the October 1, 2019, valuation were based on the results the most recent quinquennial study of the University’s own experience covering 2012 to 2016.

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.

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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**

|              | <b>Rate</b> | <b>2020 Net<br/>Pension<br/>Liability</b> | <b>2019 Net<br/>Pension<br/>Liability</b> |
|--------------|-------------|-------------------------------------------|-------------------------------------------|
| 1% Decrease  | 6.20%       | \$ 4,234,192                              | \$ 3,445,834                              |
| Current Rate | 7.20%       | 2,044,297                                 | 1,345,062                                 |
| 1% Increase  | 8.20%       | 1,508,172                                 | 821,603                                   |

**Annual 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, 2020 and 2019 was 0.6% and 5.2%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

**Asset Class Allocation**

| <b>Asset Class</b>     | <b>Target<br/>Allocation</b> | <b>Long Term<br/>Expected<br/>Real Rate<br/>of Return</b> |
|------------------------|------------------------------|-----------------------------------------------------------|
| Public equity          | 32%                          | 5.2%                                                      |
| Private equity         | 10%                          | 5.7%                                                      |
| Sovereign bonds        | 15%                          | 1.0%                                                      |
| Inflation linked bonds | 17%                          | 0.8%                                                      |
| Private debt           | 3%                           | 4.4%                                                      |
| Risk balanced          | 10%                          | 7.6%                                                      |
| Commodities            | 5%                           | 2.2%                                                      |
| Real estate            | 8%                           | 4.5%                                                      |
|                        | <b><u>100%</u></b>           |                                                           |

**Pension Expense** – For the years ended June 30, 2020 and 2019, the Station recognized a portion of the University's pension expense in the amount of \$575,224 and \$541,448, 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.

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The Station's portion of pension expense for the years ended June 30, is summarized as follows:

|                                                                                                                         | <u>2020</u>              | <u>2019</u>              |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Service cost                                                                                                            | \$ 156,786               | \$ 156,116               |
| Interest                                                                                                                | 765,841                  | 777,343                  |
| Recognized portion of current-period difference<br>between expected and actual experience                               | 30,645                   | 10,597                   |
| Contributions – employee                                                                                                | (39,017)                 | (39,719)                 |
| Projected earnings on pension plan investments                                                                          | (627,271)                | (647,124)                |
| Recognized portion of current-period difference<br>between projected and actual earnings on<br>pension plan investments | 111,913                  | 38,094                   |
| Recognition of deferred outflows of resources                                                                           | 283,717                  | 270,824                  |
| Recognition of deferred inflows of resources                                                                            | (107,390)                | (24,683)                 |
| <b>Pension expense for fiscal year ended June 30,</b>                                                                   | <b><u>\$ 575,224</u></b> | <b><u>\$ 541,448</u></b> |

Deferred Outflows/Inflows of Resources – In accordance with GASB Statements No. 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, 2020 and 2019, 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**

|                                                                                     | <b>Deferred<br/>Outflows/<br/>(Inflows) of<br/>Resources</b> | <b>Deferred<br/>Outflows/<br/>(Inflows) of<br/>Resources</b> |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| <b>As of June 30,</b>                                                               | <b>2020</b>                                                  | <b>2019</b>                                                  |
| Differences between expected and actual experience                                  | 144,927                                                      | 133,634                                                      |
| Changes of assumptions                                                              | 276,008                                                      | 259,298                                                      |
| Net difference between projected and actual earnings on<br>pension plan investments | <u>445,334</u>                                               | <u>69,469</u>                                                |
| <b>Total</b>                                                                        | <b><u>866,269</u></b>                                        | <b><u>462,401</u></b>                                        |

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

| <b><u>Projected Recognition of Deferred Outflows/(Inflows)</u></b> |                           |
|--------------------------------------------------------------------|---------------------------|
| <b><u>Fiscal Year Ended</u></b>                                    | <b><u>Recognition</u></b> |
| 2021                                                               | 198,866                   |
| 2022                                                               | 266,119                   |
| 2023                                                               | 245,017                   |
| 2024                                                               | 146,617                   |
| 2025                                                               | <u>9,650</u>              |
| Total                                                              | <b><u>866,269</u></b>     |

**13. 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 five 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 five 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, 2020, and 2019, 8,309 and 9,208 retirees, respectively, were receiving benefits, and an estimated 8,907 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, 2020, and 2019, 119 and 123 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.

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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, 2020 and 2019, all participants, including the Stations' participants, contributed \$17,763,000 and \$17,378,000, or approximately 52.4% and 50.8%, respectively, of total premiums through their required contributions, which vary depending on the plan and coverage selection. In fiscal years 2020 and 2019, the University contributed \$20,672,000 and \$23,363,000, 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 Station's portion of the total and net OPEB liabilities as of June 30, 2020 and 2019, were measured as of June 30, 2020 and 2019, respectively, using actuarial valuations as of those dates.

|                                                                     | Fiscal Year<br><u>2020</u> | Fiscal Year<br><u>2019</u> |
|---------------------------------------------------------------------|----------------------------|----------------------------|
| Net OPEB Liability Components:                                      |                            |                            |
| Total OPEB Liability                                                | \$ 452,042                 | \$ 567,611                 |
| Plan Fiduciary Net Position                                         | (43,725)                   | (44,325)                   |
| Net OPEB Liability                                                  | \$ 408,317                 | \$ 523,286                 |
| Plan Fiduciary Net position as a percentage of Total OPEB Liability | 9.67%                      | 7.81%                      |

**Changes in the Net OPEB Liability**

|                                                                              | Total OPEB<br>Liability<br>(TOL)<br>(a) | Fiduciary Net<br>Position<br>(FNP)<br>(b) | Net OPEB<br>Liability<br>(NOL)<br>(a)– (b) |
|------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|--------------------------------------------|
| <b>Balances at July 1, 2019</b>                                              | <b>\$ 567,611</b>                       | <b>\$ 44,325</b>                          | <b>\$ 523,286</b>                          |
| Changes for the year:                                                        |                                         |                                           |                                            |
| Service cost                                                                 | 4,636                                   | -                                         | 4,636                                      |
| Interest                                                                     | 19,615                                  | -                                         | 19,615                                     |
| Differences between expected and actual experience                           | (5,104)                                 | -                                         | (5,104)                                    |
| Changes in assumptions                                                       | (93,473)                                | -                                         | (93,473)                                   |
| Contributions - employer                                                     | -                                       | 23,845                                    | (23,845)                                   |
| Contributions - employee                                                     | -                                       | 20,490                                    | (20,490)                                   |
| Net investment income                                                        | -                                       | 1,061                                     | (1,061)                                    |
| Expected/Actual benefit payments, including refunds of employee contribution | (41,243)                                | (45,994)                                  | 4,751                                      |
| Administrative expenses                                                      | -                                       | (2)                                       | 2                                          |
| Net Changes                                                                  | (115,569)                               | (600)                                     | (114,969)                                  |
| <b>Balances at June 30, 2020</b>                                             | <b>\$ 452,042</b>                       | <b>\$43,725</b>                           | <b>\$ 408,317</b>                          |

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|                                                                                 | Total OPEB<br>Liability<br>(TOL)<br>(a) | Fiduciary Net<br>Position<br>(FNP)<br>(b) | Net OPEB<br>Liability<br>(NOL)<br>(a)– (b) |
|---------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|--------------------------------------------|
| <b>Balances at July 1, 2018</b>                                                 | <b>\$ 550,960</b>                       | <b>\$ 42,330</b>                          | <b>\$ 508,630</b>                          |
| Changes for the year:                                                           |                                         |                                           |                                            |
| Service Cost                                                                    | 4,743                                   | -                                         | 4,743                                      |
| Interest                                                                        | 20,989                                  | -                                         | 20,989                                     |
| Differences between expected and actual experience                              | 36,185                                  | -                                         | 36,185                                     |
| Changes in assumptions                                                          | (20,204)                                | -                                         | (20,204)                                   |
| Contributions - employer                                                        | -                                       | 26,872                                    | (26,872)                                   |
| Contributions - employee                                                        | -                                       | 19,988                                    | (19,988)                                   |
| Net investment income                                                           | -                                       | 1,690                                     | (1,690)                                    |
| Expected/actual benefit payments, including refunds of<br>employee contribution | (25,062)                                | (46,553)                                  | 21,491                                     |
| Administrative expenses                                                         | -                                       | (2)                                       | 2                                          |
| Net Changes                                                                     | 16,651                                  | 1,995                                     | 14,656                                     |
| <b>Balances at June 30, 2019</b>                                                | <b>\$ 567,611</b>                       | <b>\$ 44,325</b>                          | <b>\$ 523,286</b>                          |

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, 2020 and June 30, 2019, 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.

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.

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

| <b>Total OPEB Liability Assumptions</b> |                                                                                                                                                      |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                               | 2.20%                                                                                                                                                |
| Total Payroll Growth                    | Varies based on age: 0.1% to 6.0% (including inflation) for academic and administrative; 0.1% to 3.0% (including inflation) for clerical and service |
| Discount Rate                           | 2.21% for 2020 and 3.50% for 2019                                                                                                                    |
| Pre-65 Medical and HSP Plans trend rate | 7.00% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached                                                                        |
| Pre-65 Rx trend rate                    | 7.53% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached                                                                        |
| Post-65 Medical and Rx trend rate       | 5.00% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached                                                                        |
| Dental trend rates                      | 2.0% 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 2.21% and 3.50% as of fiscal year June 30, 2020 and June 30, 2019, 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**

|                    | <b>1% Decrease in Discount Rate (1.21%)</b> | <b>Current Discount Rate (2.21%)</b>       | <b>1% Increase in Discount Rate (3.21%)</b> |
|--------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------|
| Net OPEB Liability | \$478,201                                   | \$408,317                                  | \$351,487                                   |
|                    | <b>1% Decrease in Trend Rates</b>           | <b>Current Healthcare Cost Trend Rates</b> | <b>1% Increase in Trend Rates</b>           |
| Net OPEB Liability | \$366,662                                   | \$408,317                                  | \$458,690                                   |

**OPEB Expense** - For the years ended June 30, 2020 and 2019, the OPEB Plan recognized an OPEB expense of \$1,058 and \$22,398, respectively. Annual OPEB expense consists of service cost, interest on the total OPEB liability and the recognition of deferred outflows/inflows.

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The OPEB expense for the years ended June 30, 2020 and 2019, is summarized as follows:

| <u>OPEB Expense</u>                                                                                               | <u>2020</u>     | <u>2019</u>      |
|-------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Service cost                                                                                                      | \$ 5,376        | \$ 5,285         |
| Interest                                                                                                          | 22,744          | 23,387           |
| Recognized portion of current-period difference between expected and actual experience                            | (1,049)         | 5,442            |
| Recognized portion of current-period difference for changes to assumptions                                        | (19,218)        | (3,037)          |
| Recognized portion of current-period difference between projected and actual earnings on pension plan investments | (246)           | (377)            |
| Recognition of deferred outflows of resources                                                                     | 5,679           | -                |
| Recognition of deferred inflows of resources                                                                      | (12,228)        | (8,302)          |
| <b>OPEB expense for fiscal year ended June 30,</b>                                                                | <b>\$ 1,058</b> | <b>\$ 22,398</b> |

Deferred Outflows/Inflows of Resources - In accordance with GASB Statement No. 75, the Station 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, 2020 and 2019, the OPEB Plan reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

| <u>As of June 30,</u>                                                    | <u>Deferred<br/>Outflows of<br/>Resources<br/>2020</u> | <u>Deferred<br/>Inflows of<br/>Resources<br/>2020</u> | <u>Deferred<br/>Outflows of<br/>Resources<br/>2019</u> | <u>Deferred<br/>Inflows of<br/>Resources<br/>2019</u> |
|--------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|
| Changes in assumptions                                                   | -                                                      | 128,313                                               | -                                                      | 50,525                                                |
| Differences between expected and actual experience                       | 29,205                                                 | 4,625                                                 | 34,879                                                 | -                                                     |
| Net difference between projected and actual earnings on plan investments | -                                                      | 2,688                                                 | -                                                      | 2,375                                                 |
| <b>Total</b>                                                             | <b>29,205</b>                                          | <b>135,626</b>                                        | <b>34,879</b>                                          | <b>52,900</b>                                         |

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:

| <u>Future Recognition of deferred (inflows)</u> |                    |
|-------------------------------------------------|--------------------|
| <u>Fiscal Year</u>                              | <u>Recognition</u> |
| 2021                                            | (25,695)           |
| 2022                                            | (25,463)           |
| 2023                                            | (25,059)           |
| 2024                                            | (20,834)           |
| 2025                                            | (10,345)           |
| 2026 and Thereafter                             | 975                |
| <b>Total</b>                                    | <b>(106,421)</b>   |

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2020 and 2019**

14. 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.

15. FINANCIAL IMPACTS FROM COVID-19

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. The extent and impact of COVID-19 on the Station's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Station's sponsors, employees, and vendors, all of which are uncertain and cannot be predicted.

*University of Missouri*  
**KCUR-FM RADIO**

**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For the Year Ended June 30, 2020**

Summary of Non-Federal Financial Support

|    |                                     |                            |
|----|-------------------------------------|----------------------------|
| 1. | Direct Revenue                      | \$ 6,613,995               |
| 2. | Indirect Administrative Support     | 568,191                    |
| 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><b>\$ 7,182,186</b></u> |

*See accompanying independent auditors' report.*